

City of Saint Paul Minnesota

Comprehensive Annual Financial Report
for the Fiscal Year Ended
December 31, 2002



Office of Financial Services
Matt Smith, Director

City of Saint Paul
Comprehensive Annual Financial Report
for the Fiscal Year Ended December 31, 2002
Table of Contents

	Page #
INTRODUCTORY SECTION	
Letter of Transmittal	v
Organizational Chart	xi
Elected and Appointed Officials	xii
Certificate of Achievement	xiii
	Exhibit Page #
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
• Government-wide Financial Statements	
▶ Statement of Net Assets	1 19
▶ Statement of Activities	2 21
• Fund Financial Statements	
▶ Balance Sheet - Governmental Funds	3 22
▶ Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds	4 25
▶ Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5 26
▶ Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6 28
▶ Statement of Net Assets - Proprietary Funds	7 29
▶ Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	8 32
▶ Statement of Cash Flows - Proprietary Funds	9 33
▶ Statement of Fiduciary Net Assets - Agency Funds	10 37
▶ Statement of Net Assets - All Discretely Presented Component Units	11 38
▶ Statement of Revenues, Expenses and Changes in Net Assets - All Discretely Presented Component Units	12 40
▶ Statement of Cash Flows - All Discretely Presented Component Units	13 41
• Notes to the Financial Statements	43
Required Supplementary Information	
• Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	14 117

	Exhibit	Page #
• Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - HRA General Fund	15	118
• Notes to Required Supplementary Information		119
Supplementary Information		
• Combining Balance Sheet - Nonmajor Governmental Funds	16	127
▸ Special Revenue Funds	17	128
▸ Debt Service Funds	18	133
▸ Capital Projects Funds	19	134
▸ Permanent Funds	20	135
• Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	21	136
▸ Special Revenue Funds	22	137
▸ Debt Service Funds	23	142
▸ Capital Projects Funds	24	143
▸ Permanent Funds	25	144
• Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue, All Debt Service and Nonmajor Permanent Funds	26	145
▸ Special Revenue Funds	27	147
▸ Debt Service Funds	28	165
▸ Permanent Funds	29	168
• Combining Statement of Net Assets - Nonmajor Enterprise Funds	30	172
• Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds	31	175
• Combining Statement of Cash Flows - Nonmajor Enterprise Funds	32	176
• Combining Statement of Net Assets - Internal Service Funds	33	180
• Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds	34	182
• Combining Statement of Cash Flows - Internal Service Funds	35	184
• Combining Statement of Fiduciary Net Assets - Agency Funds	36	190
• Statement of Changes in Fiduciary Net Assets - Agency Funds	37	191
Other Supplementary Information		
• Capital Assets Used in the Operation of Governmental Funds		
▸ Comparative Schedules by Source	38	195
▸ Schedules by Function and Activity	39	196
▸ Schedule of Changes by Function and Activity	40	197
• Schedule of Delinquent Taxes Receivable	41	198

	Exhibit	Page #
• Schedule of Changes in Bonds Payable	42	199
• Debt Service Requirement to Maturity - General Obligation Bonds	43	200
• Debt Service Requirement to Maturity - Revenue Bonds	44	203
• Summary of Bonded Debt Service Requirements to Maturity	45	207
• Schedule of General Obligation Bond Annual Charges for Bond and Interest - Property Tax Supported Bonds	46	208
• Schedule of Intergovernmental Revenue	47	210
• Schedule of Transfers In - Detail	48	213
• Schedule of Transfers Out - Detail	49	220

	Table	Page
STATISTICAL SECTION		
• General Governmental Expenditures by Function - General, Special Revenue and Debt Service Funds - Last Ten Fiscal Years	1	227
• General Governmental Revenues by Source - General, Special Revenue and Debt Service Funds - Last Ten Fiscal Years	2	228
• General Governmental Tax Revenues by Source - Last Ten Fiscal Years	3	229
• Property Tax Levies and Collections - Last Ten Fiscal Years	4	230
• Property Tax Levies and Collections - Housing and Redevelopment Authority of the City of Saint Paul (Component Unit) - Last Ten Fiscal Years	5	231
• Net Tax Capacity and Estimated Market Value of Taxable Property - Last Ten Fiscal Years	6	232
• Property Tax Rates and Tax Levies (Certified to County) - Direct and Overlapping Governments - Last Ten Fiscal Years	7	233
• Principal Taxpayers	8	234
• Special Assessment Billings and Collections - Last Ten Fiscal Years	9	235
• Computation of Legal Debt Margin	10	236
• Ratio of Net General Obligation Bonded Debt to Taxable Assessed Value and Net General Obligation Bonded Debt per Capita - Last Ten Fiscal Years	11	237
• Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures - Last Ten Fiscal Years	12	238
• Computation of Direct, Overlapping and Underlying Bonded Debt	13	239
• Schedule of Revenue Bond Coverage - Sewer Utility Enterprise Fund	14	240
• Schedule of Revenue Bond Coverage - Rice and Arlington Sports Dome Enterprise Fund	15	241
• Demographic Statistics - Last Ten Fiscal Years	16	242
• Property Value, Construction and Bank Deposits - Last Ten Fiscal Years	17	243
• Miscellaneous Property Tax Information	18	244
• Miscellaneous Statistical Data	19	246

Introductory Section



City of Saint Paul

Randy C. Kelly, Mayor

*160 City Hall
15 West Kellogg Boulevard
Saint Paul, Minnesota 55102-1658*

*Telephone: (651) 266-8800
Facsimile: (651) 266-8541*

August 25, 2003

To the Honorable Mayor, Members of the City Council, and Citizens of Saint Paul:

The City of Saint Paul's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2002 is hereby submitted. The purpose of this report is to provide the Mayor, City Council, City Staff, citizens, bond holders, and other interested parties with useful information concerning the City's operations and financial position. Responsibility for both the accuracy of data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The CAFR is presented in three main sections:

1. Introductory Section - includes this transmittal letter, the City's organizational chart, and a list of principal officials.
2. Financial Section - includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements, notes to the financial statements, and supplementary information.
3. Statistical Section - contains selected financial and demographic information presented on a multi-year basis.

Generally accepted accounting principles require that the City provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Saint Paul's MD&A can be found immediately following the report of the independent auditors.

INTERNAL CONTROL

To provide a reasonable basis for making these representations, the City of Saint Paul has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Saint Paul's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Saint Paul's comprehensive framework of internal controls has been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. All internal control evaluations occur within this framework. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

BUDGET CONTROL

The annual budget serves as a foundation for the City of Saint Paul's financial planning and control. In August of each year, the Mayor presents the budget to the City Council for the following calendar year. The budget includes proposed expenditures and means of financing them. The Council then holds a public hearing to obtain taxpayer comments. The budget is legally adopted through the passage of a Council resolution.

City budget amendments that authorize an increase in total fund spending require approval of the City Council. In addition, City Council approval is required for budget amendments transferring appropriations between departments within the General Fund.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the HRA General Fund, this is presented on pages 117-118 as part of the required supplementary comparison information. For governmental funds, other than the General and HRA General Funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 145.

INDEPENDENT AUDIT

State law requires the State Auditor to perform an annual audit of the City and other cities of the first class in Minnesota. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Saint Paul for the fiscal year ended December 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the City, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Saint Paul's financial statements for the fiscal year ended December 31, 2002, are fairly presented in conformity with GAAP. The State Auditor's report is presented as the first component of the financial section of this report. As part of their examination, the State Auditor is also issuing a Management and Compliance letter covering the review of the City's system of internal control over financial reporting and tests of compliance with certain provision of laws, regulations, contracts and grants. The Management and Compliance letter will not modify or affect, in any way, this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit—including the schedule of expenditures of federal awards, findings and recommendations, and auditor's reports on internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, and grants—will be included in the State Auditor's separately-issued Management and Compliance letter.

PROFILE OF THE GOVERNMENT

The City of Saint Paul has been a municipal corporation since 1854. Saint Paul is the state capital and Minnesota's second largest city. The City covers an area of 56 square miles and is situated wholly in Ramsey County. Saint Paul's 2000 population, per the U.S. Bureau of Census, is 287,151, an increase of 5.5% since 1990. Data recorded by the Metropolitan Council indicates that the number of households in the City has remained relatively stable during the 1990s and is 112,195 for 2001.

The City of Saint Paul, Minnesota has a mayor-council form of government. The mayor is elected by the voters of the City at large for four years on a full-time basis. The City is divided into seven wards. Voters of each ward elect a member of the City Council for four years on a part-time basis. Executive power is vested in the mayor; legislative power is vested in the Council. The mayor has veto power, which the Council may override with a vote of five members.

The City provides services, including: police, fire, street, sewer and bridge maintenance, parks and recreation centers, libraries, licensing, building and housing code inspections, planning and economic development, zoning, public improvements and general administration.

REPORTING ENTITY

The City's financial statements include all funds of the City (primary government) and its component units. The primary government represents all funds under the ultimate control of the Mayor and City Council. Certain redevelopment is provided through a legally-separate Housing and Redevelopment Authority (HRA), which functions, in essence, as a department of the City of Saint Paul and; therefore, has been included as an integral part of the City of Saint Paul's financial statements. The City of Saint Paul is also financially accountable for the legally-separate Saint Paul Regional Water Services and the Port Authority of the City of Saint Paul, both of which are reported separately as component units within the City of Saint Paul's financial statements. The nature of the activities of these organizations and the specific justification and methods for inclusion as component units of the City are discussed in the notes to the financial statements.

OUTLOOK AND MAJOR INITIATIVES

City of Saint Paul's Comprehensive Revitalization Strategy

Saint Paul has sustained strong and balanced growth that has left the City in a good position to weather the national recession, with a diverse economy and a growing stock of affordable and market-rate housing to meet the strong demand for a diverse array of residential units. It did so by completely updating its planning and policy framework into a comprehensive strategy for revitalizing the urban core with the following features:

- To concentrate scarce remediation, transportation and development resources, the City identified the downtown and five development corridors as the places with the greatest needs and opportunities.
- To concentrate scarce business financing resources, the City identified value-added competitive industry clusters (such as biotechnology, health care, the many local colleges and universities and arts, culture and entertainment), as the 21st century industries with the greatest opportunity to attract a skilled workforce, attract visitors and grow family-supporting jobs and the tax base.

- To extend economic growth to the minority community, which has doubled in the past decade, the City will maximize participation in loan programs and City contracts by businesses owned by women, minorities and persons with disabilities.
- To mobilize community leadership, the City sparked the formation of the Capital City Partnership and the Saint Paul Riverfront Corporation, and joined them into an Economic Development Partnership that includes the Saint Paul Port Authority, the Saint Paul Area Chamber of Commerce and the City's own Department of Planning and Economic Development.

Developing Affordable Housing

While many other cities are experiencing an affordable housing crisis, Saint Paul has maintained and expanded its affordable housing stock by making enormous investments in stabilizing and preserving affordable housing projects in all neighborhoods of the City.

The City has initiated its Housing 5000 Plan. It sets forth an aggressive goal of leveraging \$1 billion to develop 5,000 new units of housing by the end of 2005. It does so by identifying and prioritizing housing projects based on demand, level of public investment and readiness to proceed. The Housing 5000 Plan allows the City to implement the City's Affordable Housing Policy in the large mixed-income projects that provide the scale and internal subsidy necessary to generate significant amounts of affordable housing. By the end of 2002, the Housing 5000 Plan had exceeded its goal for the first year, by leveraging \$336 million to develop 1,519 housing units. Perhaps most important in the long run, the Housing 5000 Plan gives the City a benchmark and a structure that allows Saint Paul to increase the investment of other public, nonprofit and private partners, and reduce the amount of subsidy per unit of housing.

Diversifying the City's Economy

While most cities have experienced increases in unemployment and office and retail vacancy due to the recession, Saint Paul has seen smaller increases than most other cities because it has consciously diversified its economic base through three primary strategies: maintaining key employers, repositioning the downtown and repositioning five development corridors.

Residential developments in the North Quadrant and Lowertown have repositioned the downtown as a key, growing player in the residential marketplace. The City has also established the downtown as a regional visitor industry destination with major new visitor attractions including the Science Museum, RiverCentre and the Xcel Energy Center, which together draw more than two million visitors downtown, and are now linked to the downtown core with a climate-controlled tunnel.

Two corridors, Phalen and Great Northern are underutilized and contaminated railroad corridors that require extensive brownfield remediation and roadway development to leverage industrial development within the corridor and residential development in the adjacent neighborhoods now relieved of blighting influences. Two corridors, University and Riverview are existing transit-oriented commercial strips that require transportation investments and the redevelopment of strategic nodes whether or not light rail or dedicated busways are developed. The River Corridor South is a river corridor that requires integrating new residential, commercial and recreational development made possible by the new floodwall with the adjacent neighborhoods.

CASH AND INVESTMENT MANAGEMENT

Cash balances during the year were invested in U.S. Treasuries, Agencies of the Federal Government, commercial paper, certificates of deposit, municipal securities, money market funds and guaranteed investment contracts in accordance with Minnesota State Statute 118A and the Investment Policy adopted by City Council. The investment policy's goal is to minimize credit and market risks while ensuring liquidity and maintaining a competitive yield on the portfolio.

The City has contracted investment management services with five external managers to manage a portion of the portfolio. The total return on the portfolio for 2002 was 7.42% and reported interest on investments of \$12.4 million for the year ended December 31, 2002. All of the investments held by the City at December 31, 2002 are classified in the category of lowest custodial credit risk as defined by the Governmental Accounting Standards Board.

DEBT MANAGEMENT

The City of Saint Paul partners with Ramsey County and Independent School District #625 (Saint Paul Public Schools) as members of the Joint Property Tax Advisory Committee (JPTAC). The JPTAC, created by Minnesota law, is charged with the obligation to reduce the overall tax burden on the citizens of Saint Paul. The Joint Debt Advisory Committee, a sub-committee of JPTAC, is charged with overseeing and reporting to the public on joint debt activities. This group evaluates compliance by the jurisdictions within the adopted target ranges for satisfactory debt management.

The City maintained its AAA bond rating from Standard and Poors and Aa2 bond rating from Moody's due to strong financial performance. In addition to the interest cost saving from having a high bond rating, the City took advantage of record low interest rates to refund a number of existing bond issues during 2002.

RISK MANAGEMENT

The City has a centralized Risk and Employee Benefit Management Division within the Department of Technology and Management Services that provides direction, management, coordination and planning services for risk, insurance and employee benefit programs. The risk management effort covers significant loss exposures, applies effective and reasonable risk controls and suggest funding arrangements for both insured and self-funded risks to ensure that the financial integrity of the City is not impaired after a loss.

The Risk and Employee Benefit Management Division also provides administrative and management services in the areas of health and welfare benefits, tort liability, workers' compensation, occupational health, loss control and safety, emergency preparedness, contract review and property insurance.

Additional information on the City of Saint Paul's risk management activities can be found in Note IX. C. of the notes to the financial statements.

PENSION PLANS

City employees are covered under the Public Employees Retirement Association or the Housing and Redevelopment Authority Pension Plan. The Public Employees Retirement Association was established by state law and requires membership by qualified City employees.

The Housing and Redevelopment Authority Pension Plan, as of December 31, 2002, covered 15 employees. The plan is a benefit to those employees who transferred to the City from the Housing and Redevelopment Authority with the 1977 merger of the two agencies. The plan is fully funded.

Both employees and the City are required to contribute to the pension plans.

The Public Employees Retirement Association (PERA) administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing multiple-employer public employee retirement plans. All full-time employees and certain part-time employees who are not participants of the Housing and Redevelopment Authority Pension Plan participate in the PERA plans. PERF members belong to either the Coordinated or Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by the PEPFF and are not coordinated with Social Security.

The City remains current in funding all pension obligations. Additional information on the City of Saint Paul's pension arrangements can be found in Note IX. A. in the notes to the financial statements.

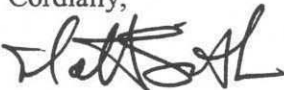
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Saint Paul, Minnesota for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2001. This was the twenty-sixth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently-organized comprehensive annual financial report. This report must satisfy both generally-accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

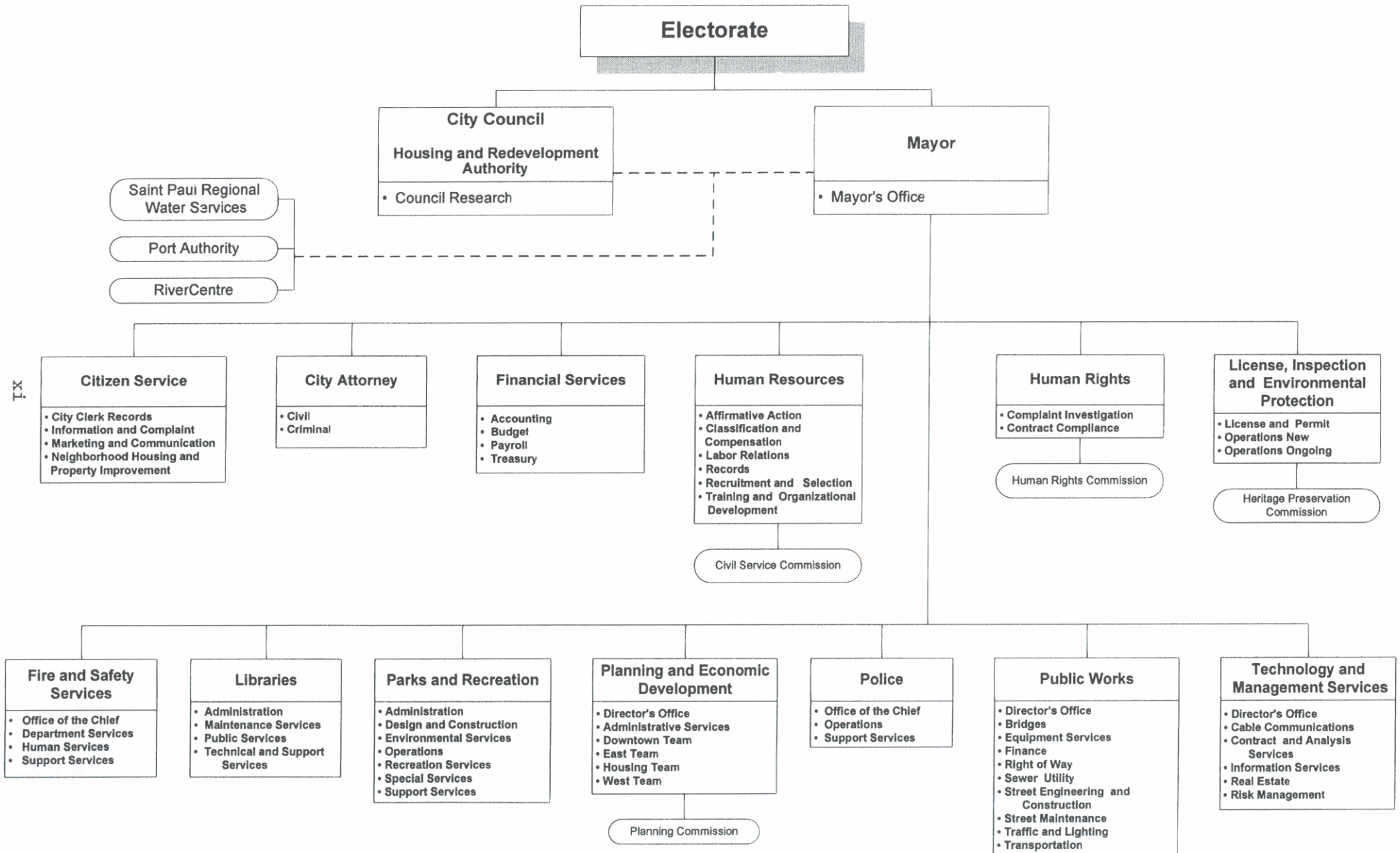
The preparation of the 2002 Comprehensive Annual Financial Report was accomplished through the combined efforts of the Office of Financial Service's accounting staff and departmental accountants. The State Auditor's cooperation in scheduling staff to review statements as they were prepared was very helpful and appreciated.

Cordially,

A handwritten signature in black ink, appearing to read "Matt Smith", written over a horizontal line.

Matt Smith, Director
Office of Financial Services

City of Saint Paul, Minnesota Organizational Chart



**City of Saint Paul, Minnesota
Elected and Appointed Officials
As of December 31, 2002**

Elected Officials

Office	Name	Term Expires
Mayor	Randy C. Kelly	January 1, 2006
Councilmembers:		
District 1	Jerry Blakey	January 1, 2004
District 2	Christopher Coleman	January 1, 2004
District 3	Patrick Harris	January 1, 2004
District 4	Jay Benanav	January 1, 2004
District 5	Jim Reiter	January 1, 2004
District 6	Daniel Bostrom	January 1, 2004
District 7	Kathy Lantry	January 1, 2004

Appointed Officials

Department/Division/Office	Director's Name	Term Expires
Citizen Services	Donald Luna	*
City Attorney	Manuel Cervantes	*
Financial Services	Matt Smith	*
Fire and Safety Services	Tim Fuller	April 2, 2003
Human Rights	Tyrone Terrill	*
Human Resources	Angela Nalezny	*
License, Inspection and Environmental Protection	Roger Curtis	*
Mayor's Chief of Staff	Dennis Flaherty	*
Parks and Recreation	Bob Bierscheid	*
Planning and Economic Development	Martha Fuller	*
Police	William Finney	July 17, 2004
Public Libraries	Gina LaForce	*
Public Works	Bob Sandquist	*
RiverCentre	Bill Huepenbecker	**
Technology and Management Services	Karen Johnson	*
Saint Paul Regional Water Services	Bernie Bullert	Classified Service

New Officials Appointed by Mayor Kelly

Department/Division/Office	Director's Name	Term Expires
Fire and Safety Services	Al Bataglia (Acting)	*
License, Inspection and Environmental Protection	Janeen Rosas	*

* Serves at pleasure of the Mayor

** Serves at pleasure of the RiverCentre Authority

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saint Paul,
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in cursive script, reading "William Robert Porter".

President

A handwritten signature in cursive script, reading "Jeffrey R. Emer".

Executive Director

This page left blank intentionally

Financial Section



PATRICIA AWADA
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 400
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
stateauditor@osa.state.mn.us (E-Mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

The Honorable Randy C. Kelly, Mayor,
and Members of the City Council
City of Saint Paul, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Paul, Minnesota, as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Port Authority of the City of Saint Paul, which represent 37 percent and 51 percent, respectively, of the assets and operating revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Port Authority of the City of Saint Paul, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Port Authority of the City of Saint Paul were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Paul as of

December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the basic financial statements, the City of Saint Paul adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended, and Statement No. 38, *Certain Financial Statement Note Disclosures*, as of and for the year ended December 31, 2002. These statements result in a change in the format and content of the basic financial statements and additional note disclosures. As discussed in the Note VIII to the basic financial statements, the Port Authority of the City of Saint Paul adopted the provisions of Financial Accounting Standards Board Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, and generally acceptable methods for depreciation, bond discount amortization, and the presentation of contributed capital.

The Management's Discussion and Analysis and the required supplementary information, listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Saint Paul's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we are also issuing a report dated August 25, 2003, on our consideration of the City of Saint Paul's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. It does not include the Port Authority of the City of Saint Paul, which is audited by other auditors.



PATRICIA AWADA
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: August 25, 2003

Management's Discussion and Analysis

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For Year Ended December 31, 2002

As management of the City of Saint Paul, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2002. We encourage readers to consider the information presented here in conjunction with the City's financial statements and the additional information that we have furnished in our letter of transmittal, which can be found on pages v-x of this report. The City implemented Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (Statement 34), as amended, for the first time this year.

FINANCIAL HIGHLIGHTS

- The assets of the City of Saint Paul exceeded its liabilities at the close of the most recent fiscal year by \$1,228.2 million (*net assets*). Of this amount, \$233.4 million (*unrestricted net assets*) may be used to meet the government's obligations to citizens and creditors; \$34.9 million is restricted for specific purposes and \$959.9 million is invested in capital assets net of related debt. The total net assets include all major infrastructure networks.
- The City's total net assets increased by \$25.0 million. Governmental activities increased by \$25.1 million, whereas business-type activities decreased by \$138,119.
- The City of Saint Paul's governmental funds reported combined ending fund balances of \$232.0 million, an increase of \$10.2 million in comparison with the prior year. Approximately 82% of this amount, \$189.5 million, is unreserved and available for use within the City's designations and policies.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$36.0 million or approximately 22% of the total General Fund expenditures.
- The City's total long-term bonds and notes increased by \$19.4 million, a 3.6% increase from 2001 for a total outstanding on December 31, 2002 of \$530.6 million. This is mainly due to the HRA's issuance of revenue bonds for the North Quadrant District, Upper Landing and Drake Marble sites in the Riverfront Renaissance Tax Increment District and for the construction of the Block 19 Municipal Parking Ramp.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The *Statement of Activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, health, culture and recreation, and housing and economic development. The business-type activities of the City of Saint Paul include the convention facility; sewer; development loan programs; parking; parks, recreation and athletics; impound lot; and printing.

The government-wide financial statements include not only the City of Saint Paul itself (known as the primary government), but also the Regional Water Services and Port Authority, which are separate legal entities for which the City of Saint Paul is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Housing and Redevelopment Authority of the City of Saint Paul (HRA), although legally separate, functions for all practical purposes as a department of the City of Saint Paul; and therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF SAINT PAUL

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 53 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, HRA General, General Debt Service, HRA General Debt Service and Capital Improvement Projects funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22-28 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its RiverCentre Operating, Sewer Utility, HRA Loan Enterprise, HRA Parking, Special Services, Rice and Arlington Sports Dome, Watergate Marina, Impounding Lot and RiverPrint Saint Paul/Ramsey County activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for City Attorney – Outside Services, Internal Borrowing, Purchasing's Value Added Services, Real Estate Management, Information Systems, City-Wide Data Processing, Equipment Services Fire-Police, Public Works Engineering, Public Works Traffic, Signal and Lighting Maintenance, Asphalt Plant, Public Works Equipment, Public Works Administration, Parks and Recreation Special Projects, Parks and Recreation Supply and Maintenance, and Planning and Economic Development Administration. The services provided by these funds predominately benefit the governmental rather than the business-type functions. They have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the RiverCentre Operating, Sewer Utility, HRA Loan Enterprise and HRA Parking funds, since they are considered to be major funds of the City. Data from the other enterprise funds are combined into a single aggregated presentation. All internal service funds are combined into a separate single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 29-35 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 37 of this report.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-116 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, *Required Supplementary Information*, presents a detailed budgetary comparison schedule for the General Fund and the HRA General Fund to demonstrate compliance with the budget. These schedules can be found on pages 117-118 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds, internal service funds and other information related to the individual funds are presented immediately following the required supplementary information. Combining and individual statements and schedules can be found on pages 121-193 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

An analysis of the City's financial position begins with a review of the *Statement of Net Assets* and the *Statement of Changes in Net Assets*. These two statements report the City's net assets and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

The City first implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in 2002; therefore, comparative data is not presented. However, a comparative analysis will be presented in the future, when prior year information is available.

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Saint Paul, assets exceeded liabilities by \$1,228.2 million as of December 31, 2002.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities 2002	Business-Type Activities 2002	Total
Current and Other Assets	\$ 510,837,660	\$ 128,632,120	\$ 639,469,780
Capital Assets	1,017,161,339	347,959,480	1,365,120,819
Total Assets	1,527,998,999	476,591,600	2,004,590,599
Long-Term Liabilities	422,779,492	149,592,991	572,372,483
Other Liabilities	198,551,190	5,470,282	204,021,472
Total Liabilities	621,330,682	155,063,273	776,393,955
Net Assets:			
Invested in Capital Assets, Net of Related Debt	724,622,777	235,294,207	959,916,984
Restricted	25,820,024	9,052,464	34,872,488
Unrestricted	156,225,516	77,181,656	233,407,172
Total Net Assets	\$ 906,668,317	\$ 321,528,327	\$ 1,228,196,644

The largest portion of the City's net assets, \$959.9 million (approximately 78%), reflects its investments in capital assets (e.g., land, building, improvements, equipment, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$34.9 million (approximately 3%), represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$233.4 million, may be used to meet the government's ongoing obligation to citizens and creditors.

As of December 31, 2002, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate categories – governmental and business-type activities.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended December 31, 2002. Governmental activities increased the City of Saint Paul's net assets by \$25.1 million. Business-type activities decreased the City's net assets by \$138,119.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

CONDENSED STATEMENT OF CHANGES IN NET ASSETS

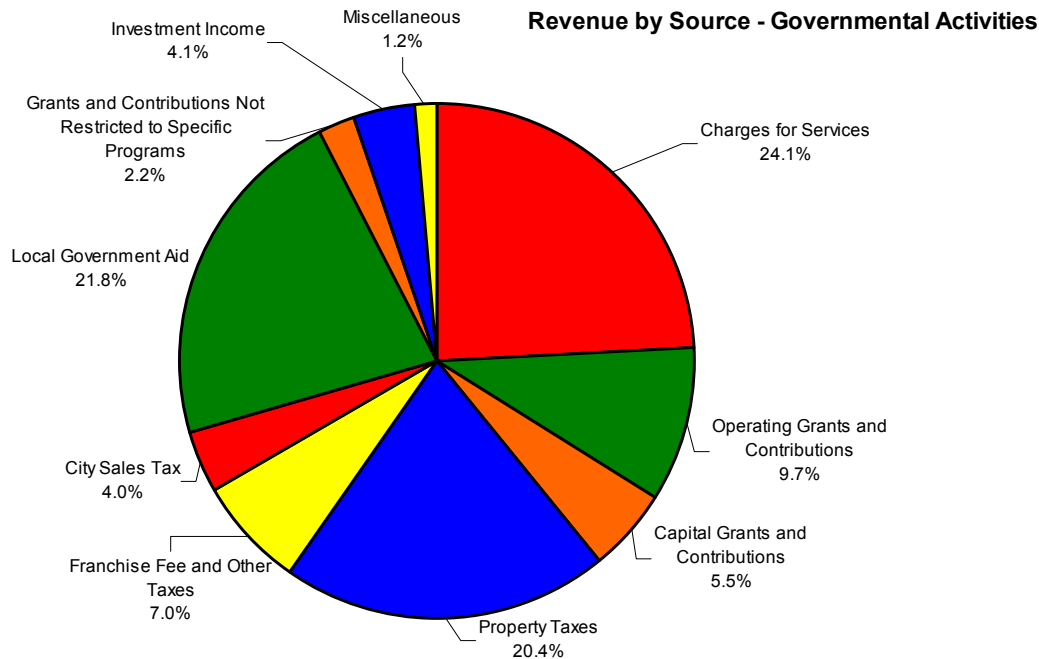
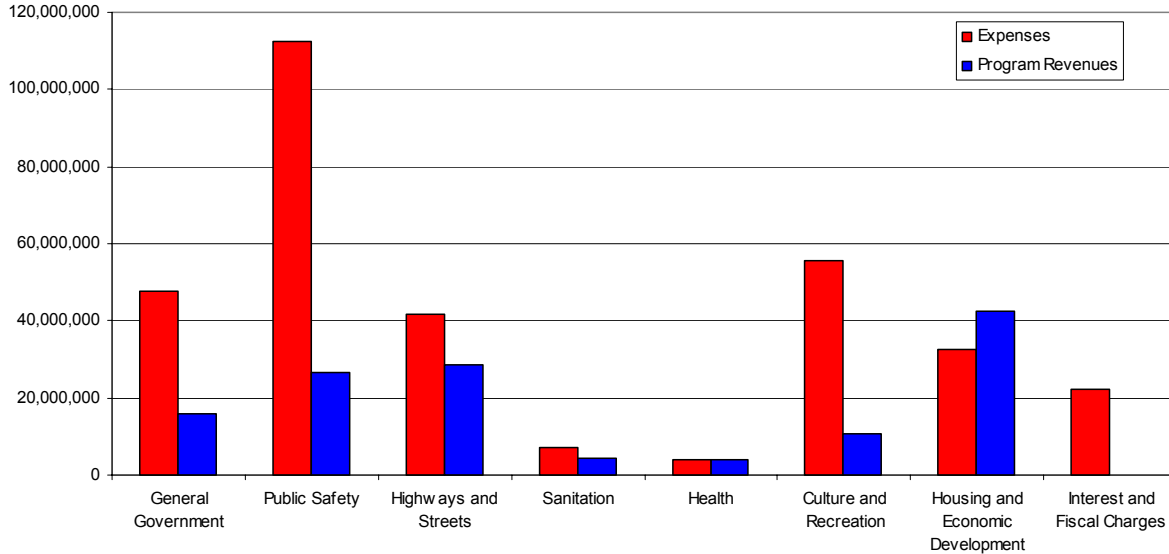
	Governmental Activities 2002	Business-Type Activities 2002	Total
Revenues:			
Program Revenues			
Charges for Services	\$ 81,367,807	\$ 65,126,987	\$ 146,494,794
Operating Grants and Contributions	32,629,611	557,645	33,187,256
Capital Grants and Contributions	18,505,643	3,499,747	22,005,390
General Revenues			
Property Taxes	\$ 68,747,633	\$ 1,195,454	\$ 69,943,087
City Sales Tax	13,344,192	-	13,344,192
Franchise Fees and Other Taxes	23,472,380	70,495	23,542,875
Local Government Aid	73,554,056	-	73,554,056
Grants and Contributions Not Restricted	7,400,023	69,265	7,469,288
Investment Income	13,919,413	2,343,662	16,263,075
Miscellaneous	4,344,264	347,306	4,691,570
Total Revenues	<u>\$ 337,285,022</u>	<u>\$ 73,210,561</u>	<u>\$ 410,495,583</u>
Expenses:			
General Government	\$ 47,673,043	\$ -	\$ 47,673,043
Public Safety	112,556,715	-	112,556,715
Highway and Streets	41,654,557	-	41,654,557
Sanitation	7,190,960	-	7,190,960
Health	4,088,663	-	4,088,663
Culture and Recreation	55,810,624	-	55,810,624
Housing and Economic Development	32,623,977	-	32,623,977
Interest and Fiscal Charges	22,344,872	-	22,344,872
Convention Facility	-	7,530,420	7,530,420
Sewer	-	30,640,702	30,640,702
Development Loan Programs	-	4,429,546	4,429,546
Parking	-	9,430,127	9,430,127
Parks, Recreation and Athletics	-	5,996,636	5,996,636
Impound Lot	-	2,079,124	2,079,124
Printing	-	1,475,209	1,475,209
Total Expenses	<u>\$ 323,943,411</u>	<u>\$ 61,581,764</u>	<u>\$ 385,525,175</u>
Increases in Net Assets Before Transfers	\$ 13,341,611	\$ 11,628,797	\$ 24,970,408
Transfers	<u>11,766,916</u>	<u>(11,766,916)</u>	<u>-</u>
Change in Net Assets	\$ 25,108,527	\$ (138,119)	\$ 24,970,408
Net Assets – January 1	881,559,790	321,666,446	1,203,226,236
Net Assets – December 31	<u>\$ 906,668,317</u>	<u>\$ 321,528,327</u>	<u>\$ 1,228,196,644</u>

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Expenses and Program Revenues - Governmental Activities

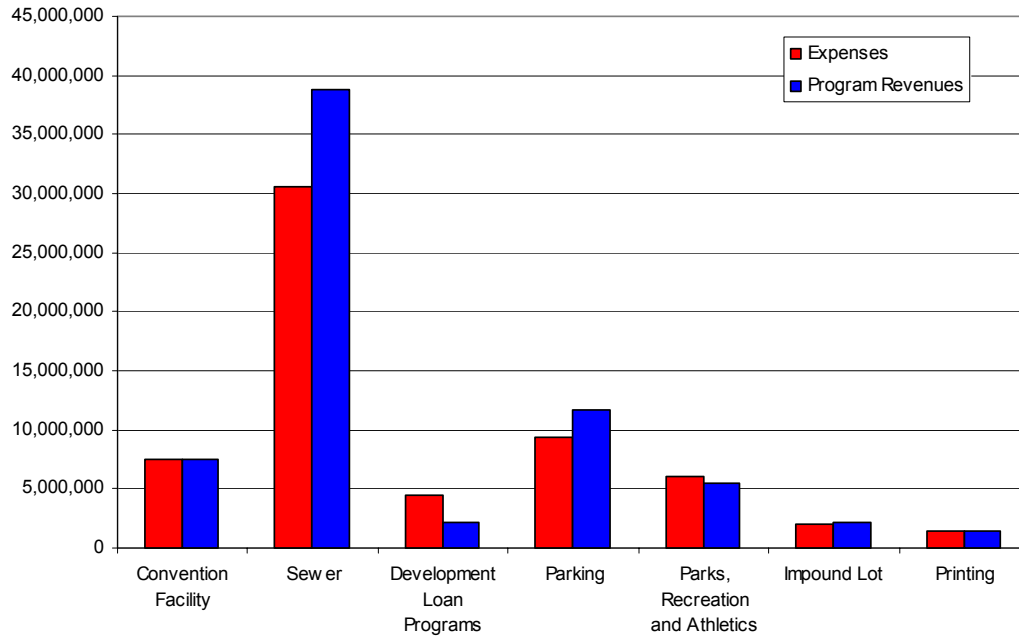


CITY OF SAINT PAUL, MINNESOTA

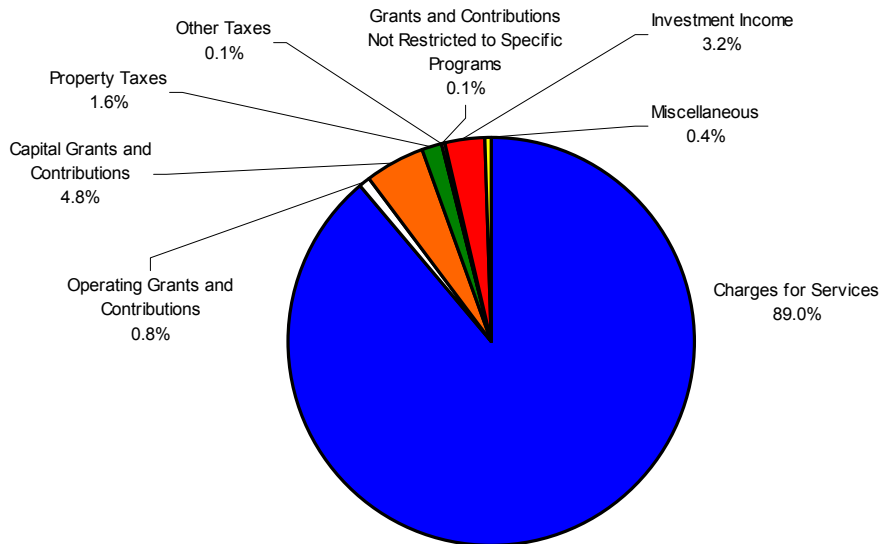
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the City of Saint Paul's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the City of Saint Paul's governmental funds reported combined ending fund balances of \$232.0 million. Approximately 82% of this total amount (\$189.5 million) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending, because it has already been committed 1) to pay for encumbrances (\$35.9 million); 2) for imprest funds (\$90,745); 3) advances to other funds (\$3.2 million); 4) inventory (\$302,634); 5) mandatory 5% for debt retirement (\$1.2 million); 6) moral obligation to Port Authority hotel bond (\$1.8 million) and 7) for permanent funds' activities (\$35,000).

Of the \$189.5 million unreserved fund balance, the use is available for specific purposes in which these funds were collected.

General Fund	\$ 35,993,191
Special Revenue Funds	53,214,523
Debt Service Funds	66,631,417
Capital Projects Funds	33,625,724
Permanent Funds	27,236
Total	<u>\$ 189,492,091</u>

General Fund: The General Fund is the primary operating fund of the City. Total fund balance as of December 31, 2002 was \$41.6 million, of which \$36.0 million was unreserved. It may be useful to compare unreserved fund balance to total fund balance and total fund expenditures as a measure of the fund's liquidity. Unreserved fund balance represents 87% of total fund balance and 22% of total fund expenditures. This exceeds the City's policy of maintaining a minimum fund balance of 15% of total expenditures for cash flow and revenue estimates. The fund balance decreased by \$2.1 million during the current fiscal year. This was a planned spend-down designed to keep the City's property tax levy at a constant level.

The following tables provide an overview of General Fund revenues by source and expenditures by function.

Revenues by Source	2002	2001	Change
Property Taxes	\$ 40,234,966	\$ 43,223,400	(6.91)%
Franchise Fees and Other Taxes	18,859,351	18,069,156	4.37%
Intergovernmental	87,171,711	82,281,292	5.94%
Fees, Sales, Services	11,720,420	10,827,285	8.25%
Interest	6,555,622	8,011,165	(18.17)%
Miscellaneous	701,956	743,731	(5.62)%
Transfers In	6,127,135	6,394,120	(4.18)%
Total	<u>\$171,371,161</u>	<u>\$169,550,149</u>	<u>1.07%</u>

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (continued)

Property taxes decreased by \$3.3 million due to change in State law that established the Market Value Homestead Credit, which shifted the revenue to the intergovernmental category. In addition to this shift, intergovernmental revenue increased by another \$1.9 million due to an increase in local government aid, which was offset by the elimination of Homestead and Agricultural Credit Aid (HACA). Franchise fees increased by a net of \$790,000 because of a rate increase approved in the gas and electric franchises. Emergency medical services fees increased by \$893,000 due to a 10% increase in paramedic transport charge from \$748 to \$823 and \$650,000 in collections through the State program. This program allows governments to recapture from debtors' tax refunds. Interest earning decreased by \$1.5 million because of steadily-decreasing interest rates and a significant number of securities in the City's portfolio were called in 2002 and reinvested at lower rates.

Expenditures by Function	2002	2001	Change
General Government	\$ 21,855,607	\$ 24,980,954	(12.51)%
Public Safety	94,163,820	87,994,439	7.01%
Highways and Streets	5,782,642	5,857,176	(1.27)%
Culture and Recreation	34,584,135	33,802,077	2.31%
Housing and Economic Development	1,097,105	368,656	197.60%
Miscellaneous	6,614,122	8,147,146	(18.82)%
Capital Outlay	2,198,668	2,528,541	(13.05)%
Transfers Out	7,164,565	7,686,822	(6.79)%
Total	<u>\$173,460,664</u>	<u>\$171,365,811</u>	<u>1.22%</u>

Overall, General Fund expenditures increased by \$2.1 million or 1.22% from fiscal year 2001. \$3.7 million shifted from general government to public safety expenditures when the City reclassified activities related to property code enforcement and LIEP, from general government to public safety. Public safety increased by an additional \$2.5 because of increased police personnel costs associated with maintaining a full complement of 578 police officers. Even though Housing and Economic Development accounts for 1% of General Fund expenditures, the expenditures increased by \$700,000 for increased charges for services received from the PED Administration Internal Service Fund. Miscellaneous expenditures decreased by \$1.5 million mainly due to the reduction in interest costs associated with security lending transactions.

HRA General Fund: The HRA General Fund is the primary operating fund of the HRA. Revenues include the HRA property tax levy, fees from conduit revenue bond issues, property rentals, land sales and investment earnings. The major spending activities are for City of Saint Paul staff administration of HRA programs, maintenance of HRA properties and professional services for HRA programs and projects. The fund balance in the HRA General Fund increased during 2002 by \$850,000 to a total of \$8.2 million at December 31, 2002, which is healthy relative to the annual fund spending, which was \$3.5 million in 2002.

General Debt Service Fund: The City's General Debt Service Fund accounts for the revenues and expenditures relating to the City's general obligation debt that is supported by property tax revenues. During 2002, \$24.6 million was received in tax revenues and transfers in while \$23.6 million was expended on debt payments. The total fund balance of \$23.1 million at the end of fiscal year 2002 is to be used for future debt service payments.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (continued)

HRA General Debt Service Fund: The HRA Debt Service Fund accumulates resources and pays debt service for the HRA's debt that is not financed by the HRA's two enterprise funds. Debt service on the bonds is financed by property tax increments, City sales taxes, lease payments from the City and investment earnings. At December 31, 2002, the fund balance is \$31.7 million, all of which is reserved for future debt service. Total debt spending during 2002 was \$19.7 million.

Capital Improvement Projects Fund: The City's Capital Improvement Projects Fund accounts for the major capital improvement projects relating to City-owned capital assets. Total expenditures reported by this fund in 2002 was \$57.7 million. The total fund balance at December 31, 2002 was \$2.8 million. The fund reported reserves for existing contracts of \$31.5 million. The City's Residential Street Vitality Program, major sewer repairs, downtown streets redesign, Como Visitor and Education Resource Center and the construction and rehabilitation of various recreation centers in the City were among the projects with the largest amount of expenditures in 2002.

Proprietary Funds

The City of Saint Paul's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

RiverCentre Operating Fund: The RiverCentre Operating Fund had unrestricted net assets of \$901,482. Net assets increased by \$338,672. In the second year of the new complex, the RiverCentre continued to build a national reputation as a complete and first class venue for concerts, meetings and conventions.

However, the economy slowdown is affecting meeting and event industry's buying decisions. The RiverCentre also competes with other publicly-owned convention centers.

Sewer Utility Fund: The Sewer Utility Fund had an unrestricted net asset balance of \$21.8 million at December 31, 2002. This includes two significant items that relate to the capital construction portion of the Sewer Utility's operations. First, the Operating Cash balance decreased from year end 2001 to year end 2002 by nearly \$2 million, which reflects planned pay-as-you-go financing of sewer infrastructure according to the City's Sewer Rehabilitation Program. Secondly, the Sewer Utility experienced a net loss of \$1.9 million during 2002 due to an extraordinary bad debt (\$685,041) and depreciation charges on capital assets that had not been booked in this fund prior to implementation of GASB 34.

At this time, the only restrictions placed on resources in the Sewer Utility Fund are those related to outstanding debt, which are not unusual in their nature or restrictions. In March 2003, Standard & Poor's Rating Group indicated their support of Sewer Utility management by upgrading their rating of the Sewer Utility's revenue bonds to AAA. At that time, Saint Paul's Sewer Utility was the only AAA-rated Sewer Utility in the United States.

HRA Loan Enterprise Fund: The HRA Loan Enterprise Fund accounts for loans issued and the servicing of them for various housing and economic development programs and projects. The HRA Loan Enterprise Fund has unrestricted net assets totaling \$44.8 million at December 31, 2002. The assets of the Fund include loans receivable, which are reported at \$28.1 million (net of allowance) and, in many cases, have long repayment terms before there will be liquidation to cash. Cash and investments are reported at \$15.7 million at December 31, 2002. The Fund had an overall decrease in net assets of \$2.4 million for 2002.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (continued)

HRA Parking Fund: The HRA Parking Fund, which was established in 2002, accounts for the operation of HRA-owned parking facilities in Saint Paul. The Fund has unrestricted net assets of \$9.2 million at December 31, 2002. Assets in the Fund include capital assets for parking facilities reported at the depreciated amount of \$73.3 million. Long-term debt used for financing the construction of the parking facilities is \$83.5 million in principal outstanding at December 31, 2002. Included in the long-term debt are the Parking Revenue Bonds, Series 2002A and Series 2002B, which are currently being used for the construction of the Block 19 Parking Ramp. Series 2002A and Series 2002B Bond proceeds still on hand at December 31, 2002 were \$15.5 million. The Fund had operating income of \$4.1 million during 2002. After interest on long-term debt and other nonoperating revenues and expenses are applied, the Fund had net income of \$824,152.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund includes the original adopted budget, plus any previously appropriated funds set aside for the purpose of honoring legally-incurred obligations (prior year encumbrances and commitments), plus any additional supplemental appropriations that were legislated by City Council during the year. The total original adopted budget including transfers out was \$175.7 million, plus reserved for encumbrances carried forward of \$2.2 million, for total original appropriations of \$177.9 million. This, compared to final appropriations of \$180.8 million, is \$2.9 million more than the original budget.

The majority of the difference was related to the following items:

- \$1.1 million additional interest expense relating to security lending transactions which was offset by interest earnings of \$1.2 million.
- \$507,512 recognizing Federal Emergency Management Agency's disaster relief recovery from 2001 Mississippi River flooding.
- \$355,000 transfer to debt service for Mears Park Tax Abatement.
- \$250,000 to purchase two ambulances and radio equipment with increased paramedic fee revenues.
- \$237,760 to collocate the operations of the Office of Neighborhood, Housing and Property Improvement.
- \$145,000 transfer for Rice-Arlington sports dome subsidy.
- \$93,728 increase for donations received by the City to be used for a cultural assets inventory and various city-wide events held during 2002.
- \$50,000 increase in Parks budget to study the current recreation center system.

CAPITAL ASSETS

At the end of 2002, the City had invested a total of \$1,365.1 million in capital assets (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction work in progress of the City, including the capital assets recorded for the City's internal service funds which have depreciated value of \$11.6 million.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

CAPITAL ASSETS (continued)

Major capital asset events during the current fiscal year included the following:

The City capitalized its major infrastructure assets acquired, constructed or donated since 1980 at historical cost (or estimated historical cost) as required by GASB Statement No. 34. The major infrastructure assets were determined to include streets, bridges and sewers. Streets and bridges were added as Infrastructure in the governmental activities in the amount of \$602.7 million, less accumulated depreciation of \$172.4 million, for a net of \$430.2 million.

The portion of sewer network constructed prior to 1986, which was not previously capitalized, was added in 2002 to the Sewer Utility Fund and was recorded as public improvements within the business-type activities. Total additional assets were \$116.5 million, net of accumulated depreciation of \$53.6 million for a net of \$62.8 million.

In 2002, the City completed the renovation of the downtown Central Library at a total cost of \$15.9 million. The renovation restored many of the building's unique architectural features, such as its hand-painted ceilings, while refitting the building to deliver up-to-date computerized information services.

The City also entered into a \$10.8 million capital lease arrangement with Ramsey County for a pedestrian connection that links the RiverCentre complex and Ordway Center to the Central Library and downtown skyway system.

The Lower Phalen Creek property acquisition was completed at a total cost of \$2.1 million. The land will be used to construct the Bruce Vento Nature Sanctuary at an estimated cleanup and construction cost of \$7.5 million.

Parks and Recreation continued to acquire the properties required for the Jimmy Lee Recreation Center Reconstruction Project. Total acquisition costs are budgeted at \$4.8 million. Upon completion of acquisition planning, construction of a new center will begin.

The Martin Luther King Recreation Center addition and renovation was completed at a cost of \$2.6 million. This project consisted of a two-story addition of 9,080 square feet and the remodeling of 11,130 square feet of space in the existing two-story building.

Construction of the Block 19 Municipal Parking Ramp began in 2002. The ramp is located at 144 East 9th Street in the downtown area. Costs of \$1.7 million were incurred in 2002. The construction of the ramp is being financed by HRA Parking Revenue Bonds, which were issued in 2002 in the total amount of \$18.5 million. The construction of the ramp is expected to be completed by December 31, 2003.

Public Works completed its seventh year of the Residential Street Vitality Program (RSVP) by substantially completing three major projects during 2002: the Case/Hazelwood RSVP in the amount of \$2.9 million; the Hoyt/Merrill RSVP in the amount of \$1.1 million and the Cottage/Greenbrier \$2.3 million RSVP project.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

CAPITAL ASSETS (continued)

The Sewer System Rehabilitation program is in its fifth year. The Seminary Sewer Relining project was awarded in the amount of \$1.9 million, with an estimated completion date of September 30, 2003. The Reaney Lake Sewer Relining project was awarded in the amount of \$1.9 million and an estimated completion date of November 30, 2003. A contract for Lift Station Rehabilitations was awarded in the amount of \$716,229 and should be completed late fall 2003. The final contract for the 2002 Sewer System Rehabilitation was for Citywide Sewer Relining in the amount of \$633,936 with an estimated completion date of November 30, 2003.

Public Works completed the reconstruction of Cliff Street and St. Clair in the amount of \$875,564 and started work on the last section of Shepard Road from Ontario to Jackson at an estimated cost of \$6.2 million with an anticipated completion date of June 1, 2004.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2002	Business-Type Activities 2002	Total
Land	\$ 132,760,157	\$ 18,145,916	\$ 150,906,073
Buildings	353,539,117	56,961,564	410,500,681
Improvements Other Than Buildings	52,244,614	-	52,244,614
Public Improvements	-	263,212,562	263,212,562
Equipment	28,025,218	2,931,894	30,957,112
Infrastructure	430,195,519	-	430,195,519
Construction in Progress	20,396,714	6,707,544	27,104,258
Total	<u>\$ 1,017,161,339</u>	<u>\$ 347,959,480</u>	<u>\$ 1,365,120,819</u>

Additional information on the City of Saint Paul's capital assets can be found in Note VII. E. on pages 78-79 of this report.

LONG-TERM OBLIGATIONS

During 2002, the City issued \$66.0 million in bonds and retired/defeased \$42.6 million, resulting in \$452.8 million in bonds payable at the end of 2002. Of the bonded debt, \$104.9 million is considered to be gross direct general property tax supported debt; considering the \$23.1 million available in the General Debt Service Fund, the net general property tax-supported debt at year end was \$81.8 million or \$284.74 per capita.

The City's general obligation bonds issued in 2002 continued their Aa2 rating from Moody's Investors Service, Inc., and AAA rating from Standard and Poor's Corporation. The HRA Tax Increment Revenue Bonds were not rated. The HRA Parking System Current Refunding Bonds were insured by Financial Securities Assurance, Inc. (FSA) and were rated Aaa and AAA by Moody's Investors Service, Inc., and Standard and Poor's Corporation, respectively.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

LONG-TERM OBLIGATIONS (continued)

OUTSTANDING DEBT GENERAL OBLIGATION, REVENUE, LEASE REVENUE AND SALES TAX NOTES AND BONDS

	Governmental Activity 2002	Business-Type Activity 2002	Total
General Obligation Bonds	\$142,100,000	\$ 43,190,000	\$ 185,290,000
Revenue Bonds	-	37,285,000	37,285,000
Sales Tax Revenue Bonds	70,585,000	-	70,585,000
Revenue Notes	50,065,775	24,611,222	74,676,997
HRA Tax Increment Revenue Bonds	55,734,000	-	55,734,000
HRA Parking Facilities Revenue Bonds	-	43,415,000	43,415,000
HRA Sales Tax Revenue Bonds	48,320,000	-	48,320,000
HRA Lease Revenue Bonds	12,195,000	-	12,195,000
HRA Revenue Notes	3,051,554	-	3,051,554
Total	<u>\$382,051,329</u>	<u>\$ 148,501,222</u>	<u>\$ 530,552,551</u>

Additional information on the City of Saint Paul's long-term obligations can be found in Note VII. G. on pages 83-101 of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Financial Outlook

The national economic recession and its impact on the State of Minnesota's finances have had (and will continue to have) a major effect on the City's budget. Saint Paul, like other older cities, has traditionally relied heavily on aid payments from the state to help support the general operating budget. In the budget adopted for 2003 (in December 2002) state Local Government Aid (LGA) payments were anticipated to supply 43% of General Fund revenues.

With the state government forecasting a two-year revenue shortfall in excess of \$4 billion, permanent reductions in the level of state funding support beginning in 2003 were recognized as inevitable by the Mayor and Council. Anticipating this, in January 2003 the City imposed strict hiring, travel and contract limitations and began planning for mid-year budget adjustments to absorb the expected state aid reductions. The Governor's original budget proposal released in early February recommended reductions of approximately \$13 million in 2003 and \$30 million in 2004 (both against the original budgeted amount of \$76 million).

In response, the City adjusted the 2003 budget in resolutions adopted by the City Council on February 26 and April 16. In total, these two measures reduced 2003 General Fund spending by about \$10.6 million and increased financing by \$2.2 million. Most of the mid-year budget adjustments adopted in 2003 involved staff reductions and other permanent measures. As a result, these also had the effect of adjusting baseline spending and financing for the 2004 General Fund budget by about \$19 million.

CITY OF SAINT PAUL, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued) For Year Ended December 31, 2002

CURRENTLY-KNOWN FACTS/ECONOMIC CONDITIONS (continued)

When the Minnesota Legislature adjourned in May 2003, it enacted aid reductions to Saint Paul of \$13 million in 2003, \$19.6 million in 2004, and approximately \$22.6 million in 2005 as part of a transition to a smaller state aid program for cities. While the mid-year budget adjustments made during 2003 have been largely sufficient to absorb the additional state aid reductions now enacted for 2004, the still-precarious condition of the state budget will remain a major source of uncertainty for the City's finances over the coming year.

Employment Outlook

The 2002 annual average unemployment rate for the City of Saint Paul was reported by the Minnesota Department of Economic Security at 5.1%. This compared to state unemployment rate of 4.4% and a U.S. rate of 5.8%. However, the U.S. Conference of Mayors has forecast that the Minneapolis-Saint Paul area will experience a 1.4% increase in employment in 2003. Saint Paul has a balanced and diversified employment picture with no single industry sector dominating. The average annual wage in Saint Paul is \$44,080, compared to \$43,086 in the metro area and \$37,992 in Minnesota.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Office of Financial Services, Attn: Lori Lee, at 15 W. Kellogg Blvd., Room 160; Saint Paul, Minnesota 55102, call 651-266-8822, or e-mail lori.lee@ci.stpaul.mn.us.

General information relating to the City of Saint Paul, Minnesota, can be found at the City's website, www.ci.stpaul.mn.us.

Basic Financial Statements

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Regional Water Services	Port Authority
ASSETS					
Cash and Investments	230,991,725	50,527,369	281,519,094	1,571,878	2,746,110
Investments	-	-	-	19,271,069	-
Securities Lending Collateral	157,483,618	-	157,483,618	-	-
Receivables (Net of Allowance for Uncollectibles)	75,259,289	10,794,803	86,054,092	5,452,069	4,432,631
Due from Component Units	203,985	769,688	973,673	-	-
Due from Primary Government	-	-	-	174,474	-
Due from Other Governmental Units	25,957,362	649,912	26,607,274	523,723	16,050,138
Internal Balances	(2,023,129)	2,023,129	-	-	-
Inventories	6,008,841	478,847	6,487,688	1,677,392	-
Other Assets	5,051,221	1,909,445	6,960,666	68,695	1,569,573
Restricted Cash and Investments	35,000	32,957,032	32,992,032	5,528,546	29,892,648
Long Term Receivables	11,869,748	28,521,895	40,391,643	201,801	7,026,515
Capital Assets, Net of Related Depreciation					
Land	132,760,157	18,145,916	150,906,073	1,403,952	13,494,607
Buildings	353,539,118	56,961,564	410,500,682	29,590,105	47,869,492
Improvements Other than Buildings	52,244,614	-	52,244,614	-	-
Public Improvements	-	263,212,562	263,212,562	118,541,090	-
Equipment	28,025,217	2,931,894	30,957,111	14,892,547	4,683,108
Infrastructure	430,195,519	-	430,195,519	-	-
Construction in Progress	20,396,714	6,707,544	27,104,258	22,450,297	125,267
Total Assets	1,527,998,999	476,591,600	2,004,590,599	221,347,638	127,890,089
LIABILITIES					
Accounts Payable and Other Current Liabilities	20,730,908	2,013,238	22,744,146	2,502,476	4,708,048
Accrued Salaries	7,704,842	255,824	7,960,666	546,846	693,171
Due to Component Units	119,263	55,211	174,474	-	-
Due to Primary Government	-	-	-	973,673	-
Due to Other Governmental Units	4,426,768	10,273	4,437,041	809,902	995,520
Deferred Revenues	8,085,791	383,680	8,469,471	105,058	107,849
Obligations Under Securities Lending	157,483,618	-	157,483,618	-	-
Liabilities Payable from Restricted Assets	-	2,752,056	2,752,056	839,936	16,083,826
Noncurrent Liabilities:					
Due Within One Year	36,556,203	10,503,779	47,059,982	1,774,254	2,146,755
Due in More than One Year	386,223,289	139,089,212	525,312,501	29,829,546	101,082,957
Total Liabilities	621,330,682	155,063,273	776,393,955	37,381,691	125,818,126
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	724,622,777	235,294,207	959,916,984	156,990,788	(29,151,812)
Restricted for:					
Debt Service	19,363,758	2,494,688	21,858,446	-	-
Other Purposes	6,456,266	6,557,776	13,014,042	5,473,616	29,635,881
Unrestricted	156,225,516	77,181,656	233,407,172	21,501,543	1,587,894
Total Net Assets	906,668,317	321,528,327	1,228,196,644	183,965,947	2,071,963

The notes to the financial statements are an integral part of this statement.

This page left blank intentionally

City of Saint Paul, Minnesota
STATEMENT OF ACTIVITIES
For The Fiscal Year Ended December 31, 2002

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Totals	Regional Water Services	Port Authority
Primary Government									
Governmental Activities									
General Government	47,673,043	9,191,967	6,446,301	312,596	(31,722,179)	-	(31,722,179)	-	-
Public Safety	112,556,715	22,121,306	4,316,028	15,000	(86,104,381)	-	(86,104,381)	-	-
Highways and Streets	41,654,557	20,301,628	-	8,154,797	(13,198,132)	-	(13,198,132)	-	-
Sanitation	7,190,960	2,111,722	562,015	1,553,271	(2,963,952)	-	(2,963,952)	-	-
Health	4,088,663	4,114,552	-	-	25,889	-	25,889	-	-
Culture and Recreation	55,810,624	3,884,827	3,146,465	3,663,496	(45,115,836)	-	(45,115,836)	-	-
Housing and Economic Development	32,623,977	19,641,805	18,158,802	4,806,483	9,983,113	-	9,983,113	-	-
Interest and Fiscal Charges	22,344,872	-	-	-	(22,344,872)	-	(22,344,872)	-	-
Total Governmental Activities	323,943,411	81,367,807	32,629,611	18,505,643	(191,440,350)	-	(191,440,350)	-	-
Business-Type Activities									
Convention Facility	7,530,420	7,382,132	-	149,014	-	726	726	-	-
Sewer	30,640,702	38,850,245	-	-	-	8,209,543	8,209,543	-	-
Development Loan Programs	4,429,546	1,619,812	485,341	-	-	(2,324,393)	(2,324,393)	-	-
Parking	9,430,127	8,377,128	-	3,350,733	-	2,297,734	2,297,734	-	-
Parks, Recreation and Athletics	5,996,636	5,374,658	72,304	-	-	(549,674)	(549,674)	-	-
Impound Lot	2,079,124	2,094,383	-	-	-	15,259	15,259	-	-
Printing	1,475,209	1,428,629	-	-	-	(46,580)	(46,580)	-	-
Total Business-Type Activities	61,581,764	65,126,987	557,645	3,499,747	-	7,602,615	7,602,615	-	-
Total Primary Government	385,525,175	146,494,794	33,187,256	22,005,390	(191,440,350)	7,602,615	(183,837,735)	-	-
Component Units									
Regional Water Services	28,724,202	31,092,440	-	2,526,656	-	-	-	4,894,894	-
Port Authority	46,136,062	32,925,021	-	8,528,677	-	-	-	-	(4,682,364)
Total Component Units	74,860,264	64,017,461	-	11,055,333	-	-	-	4,894,894	(4,682,364)
General Revenues									
Taxes									
Property Taxes, Levied for General Purposes					43,391,803	1,195,454	44,587,257	-	-
Property Taxes, Levied for Debt Service					25,355,830	-	25,355,830	-	1,332,940
City Sales Tax					13,344,192	-	13,344,192	-	-
Franchise Fees					20,461,718	-	20,461,718	-	-
Other Taxes					3,010,662	70,495	3,081,157	-	-
Local Government Aid					73,554,056	-	73,554,056	-	-
Grants and Contributions Not Restricted to Specific Programs					7,400,023	69,265	7,469,288	-	-
Investment Income									
Interest Earned on Investments					9,028,333	1,889,488	10,917,821	1,301,554	1,219,299
Other Investment Income					4,891,080	454,174	5,345,254	195,324	-
Miscellaneous					4,344,264	347,306	4,691,570	-	93,880
Transfers					11,766,916	(11,766,916)	-	-	-
Total General Revenues and Transfers					216,548,877	(7,740,734)	208,808,143	1,496,878	2,646,119
Change in Net Assets					25,108,527	(138,119)	24,970,408	6,391,772	(2,036,245)
Net Assets - January 1					881,559,790	321,666,446	1,203,226,236	177,574,175	4,108,208
Net Assets - December 31					906,668,317	321,528,327	1,228,196,644	183,965,947	2,071,963

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2002

Exhibit 3

	General	HRA General Fund	General Debt Service	HRA General Debt Service	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments with Treasurer	25,698,145	9,118,244	22,628,506	15,091,139	5,727,449	105,462,810	183,726,293
Cash and Investments with Trustees	-	-	-	16,720,652	-	21,493,044	38,213,696
Interfund Receivable for Pooled							
Cash and Investments Overdrafts	2,201,833	-	-	-	-	-	2,201,833
Imprest Funds	60,270	-	-	-	-	30,475	90,745
Securities Lending Collateral (Note VII.A.)	157,483,618	-	-	-	-	-	157,483,618
Receivables							
Property Taxes - Due from Ramsey County	1,025,766	20,610	463,144	464,613	-	4,079	1,978,212
Property Taxes - Delinquent	1,223,162	21,723	407,016	1,075,597	-	10,984	2,738,482
Accounts (net of allowance for estimated uncollectible)	10,312,559	166,955	91,060	-	1,698,904	1,369,753	13,639,231
Assessments	3,981	-	-	-	13,358,186	25,429,038	38,791,205
Notes and Loans	-	-	-	-	-	19,584,534	19,584,534
Accrued Interest	749,316	72,178	148,650	231,009	-	639,196	1,840,349
Due from Xcel Energy	1,026,774	-	-	-	-	-	1,026,774
Due from Other Funds	18,916,748	16,000	43,882	-	3,029,061	1,834,669	23,840,360
Due from Component Units	-	-	-	-	85,075	113,974	199,049
Due from Other Governmental Units	2,058,117	154,802	-	-	11,885,639	6,855,863	20,954,421
Advance to Other Funds	2,672,800	-	-	-	-	529,144	3,201,944
Inventory - Materials and Supplies	302,634	-	-	-	-	-	302,634
Land Held for Resale	-	2,717,246	-	-	-	1,049,309	3,766,555
TOTAL ASSETS	223,735,723	12,287,758	23,782,258	33,583,010	35,784,314	184,406,872	513,579,935

continued

City of Saint Paul, Minnesota
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2002

Exhibit 3

	General	HRA General Fund	General Debt Service	HRA General Debt Service	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES							
Liabilities							
Interfund Payable for Pooled							
Cash and Investments Overdrafts	-	-	-	-	-	1,612,254	1,612,254
Accrued Salaries Payable	5,982,256	-	6,042	-	4,911	910,452	6,903,661
Obligations Under Securities Lending (Note VII.A.)	157,483,618	-	-	-	-	-	157,483,618
Accounts Payable	2,325,711	81,688	4,461	-	753,021	3,809,414	6,974,295
Contracts/Retention Payable	4,320	719,651	-	-	6,208,243	1,158,657	8,090,871
Due to Other Funds	2,370,114	55,036	1,284	94,950	596,385	5,854,298	8,972,067
Due to Component Units	187	-	-	-	76,561	42,515	119,263
Due to Other Governmental Units	1,862,242	280,378	-	22,843	-	2,257,772	4,423,235
Advance from Other Funds	-	-	-	-	4,713,254	6,093,119	10,806,373
Accrued Interest Payable - Securities Lending	71,178	-	-	-	-	-	71,178
Deferred Revenue	12,029,766	2,962,951	678,782	1,743,592	20,602,244	38,081,230	76,098,565
Total Liabilities	182,129,392	4,099,704	690,569	1,861,385	32,954,619	59,819,711	281,555,380
Fund Balances							
Reserved for							
Encumbrances	2,577,436	208,253	-	-	31,525,940	1,632,478	35,944,107
Imprest Funds	60,270	-	-	-	-	30,475	90,745
Advance to Other Funds	2,672,800	-	-	-	-	529,144	3,201,944
Inventory - Materials and Supplies	302,634	-	-	-	-	-	302,634
Mandatory 5% for Retirement of Debt	-	-	1,164,288	-	-	-	1,164,288
Port Authority Hotel Bonds Moral Obligation	-	-	1,793,746	-	-	-	1,793,746
Permanent Fund Activities	-	-	-	-	-	35,000	35,000
Unreserved, Reported in							
General Fund	35,993,191	-	-	-	-	-	35,993,191
Special Revenue Funds	-	7,979,801	-	-	-	45,234,722	53,214,523
Debt Service Funds	-	-	20,133,655	31,721,625	-	14,776,137	66,631,417
Capital Projects Funds	-	-	-	-	(28,696,245)	62,321,969	33,625,724
Permanent Funds	-	-	-	-	-	27,236	27,236
Total Fund Balances	41,606,331	8,188,054	23,091,689	31,721,625	2,829,695	124,587,161	232,024,555
TOTAL LIABILITIES AND FUND BALANCES	223,735,723	12,287,758	23,782,258	33,583,010	35,784,314	184,406,872	513,579,935

The notes to the financial statements are an integral part of this statement.

This page left blank intentionally

City of Saint Paul, Minnesota
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET AND
THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS
For the Fiscal Year Ended December 31, 2002

Exhibit 4

Total Fund Balances - Governmental Funds	\$ 232,024,555
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	1,005,589,788
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	70,091,454
Internal Service funds are used by management to charge the costs of various services provided to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets	21,342,691
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(422,380,171)</u>
Net Assets of Governmental Activities	<u><u>\$ 906,668,317</u></u>

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES**
GOVERNMENTAL FUNDS
 December 31, 2002

Exhibit 5

	General	HRA General Fund	General Debt Service	HRA General Debt Service	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes							
Property Taxes							
Current Taxpayer	39,613,697	761,460	17,064,902	-	-	-	57,440,059
Current Tax Increment	108,017	-	-	7,665,524	-	2,276,316	10,049,857
Delinquent Taxpayer	511,545	13,691	244,355	-	-	-	769,591
Delinquent Tax Increment	1,707	-	-	-	-	5,770	7,477
Total Property Taxes	40,234,966	775,151	17,309,257	7,665,524	-	2,282,086	68,266,984
Penalties and Interest on Property Taxes	87,670	-	-	-	-	-	87,670
Forfeited Tax Sale Apportionment	203,109	-	-	-	-	-	203,109
City Sales Tax	-	-	-	-	-	13,344,192	13,344,192
Franchise Fees	17,839,903	-	881,103	-	-	1,740,712	20,461,718
Hotel-Motel Tax	725,949	-	-	220,000	-	1,771,214	2,717,163
Drugstore and Mortuary Tax	2,720	-	-	-	-	-	2,720
Total Taxes	59,094,317	775,151	18,190,360	7,885,524	-	19,138,204	105,083,556
Licenses and Permits	825,604	-	-	-	-	8,513,316	9,338,920
Intergovernmental Revenue (Exhibit 47)	87,171,711	61,625	1,381,605	196,736	19,081,143	27,977,725	135,870,545
Fees, Sales and Services	10,894,816	2,972,525	15,000	400,000	602,155	21,333,684	36,218,180
Assessments	-	-	-	-	3,074,905	14,472,122	17,547,027
Investment Income							
Interest Earned on Investments	3,858,336	382,255	656,667	773,635	-	4,272,615	9,943,508
Increase in Fair Value of Investments	1,501,900	161,794	333,215	390,115	-	1,313,997	3,701,021
Interest Earned on Securities Lending	1,195,386	-	-	-	-	-	1,195,386
Interest Earned - Other	-	-	-	20,375	-	299,529	319,904
Miscellaneous Revenue							
Program Income	-	-	-	-	-	7,755,946	7,755,946
Other	701,956	-	26,478	9,394	3,048,798	8,083,167	11,869,793
Total Revenues	165,244,026	4,353,350	20,603,325	9,675,779	25,807,001	113,160,305	338,843,786

continued

City of Saint Paul, Minnesota
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES**
GOVERNMENTAL FUNDS
 December 31, 2002

Exhibit 5

	General	HRA General Fund	General Debt Service	HRA General Debt Service	Capital Improvement Projects	Other Governmental Funds	Total Governmental Funds
EXPENDITURES							
Current							
General Government	21,855,607	-	500,208	-	408,262	12,524,750	35,288,827
Public Safety	94,163,820	-	-	-	237,820	16,806,323	111,207,963
Highways and Streets	5,782,642	-	-	-	-	18,276,384	24,059,026
Health	-	-	-	-	-	4,114,552	4,114,552
Culture and Recreation	34,584,135	-	-	-	2,099,679	5,351,322	42,035,136
Housing and Economic Development	1,097,105	3,001,303	-	410,000	5,597	37,661,495	42,175,500
Miscellaneous	5,523,784	-	-	-	-	-	5,523,784
Capital Outlay	2,198,668	-	-	-	54,888,097	11,656,464	68,743,229
Debt Service							
Bond Principal	-	-	18,250,000	10,953,000	-	5,885,000	35,088,000
Other Debt Principal	-	179,905	-	656,420	-	2,104,890	2,941,215
Interest - Bonds	-	-	4,816,356	7,522,838	-	6,038,064	18,377,258
Interest - Securities Lending	1,090,338	-	-	-	-	-	1,090,338
Interest - Other Debt	-	8,954	-	209,322	-	2,398,475	2,616,751
Bond Issuance Costs	-	-	-	26,890	53,972	891,743	972,605
Total Expenditures	166,296,099	3,190,162	23,566,564	19,778,470	57,693,427	123,709,462	394,234,184
27 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,052,073)	1,163,188	(2,963,239)	(10,102,691)	(31,886,426)	(10,549,157)	(55,390,398)
OTHER FINANCING SOURCES (USES)							
Transfers In	6,127,135	-	4,008,287	22,182,533	28,888,423	25,251,345	86,457,723
Transfers Out	(7,164,565)	(312,584)	-	(13,015,615)	(3,779,519)	(50,905,837)	(75,178,120)
Bonds Issued	-	-	-	-	1,035,076	42,949,924	43,985,000
Current Refunding Bonds Issued	-	-	-	3,424,000	-	-	3,424,000
Premium on Bonds Issued	-	-	-	-	-	43,882	43,882
Discount on Bonds Issued	-	-	-	-	-	(2,226)	(2,226)
Notes Issued	-	-	-	-	-	17,689	17,689
Capital Lease	-	-	-	-	6,872,000	-	6,872,000
Total Other Financing Sources (Uses)	(1,037,430)	(312,584)	4,008,287	12,590,918	33,015,980	17,354,777	65,619,948
Net Change in Fund Balances	(2,089,503)	850,604	1,045,048	2,488,227	1,129,554	6,805,620	10,229,550
FUND BALANCES, January 1	43,723,326	7,337,450	22,046,641	29,233,398	1,700,141	117,781,541	221,822,497
Decrease in Reserve for Inventory	(27,492)	-	-	-	-	-	(27,492)
FUND BALANCES, December 31	41,606,331	8,188,054	23,091,689	31,721,625	2,829,695	124,587,161	232,024,555

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended December 31, 2002

Exhibit 6

Net Change in Fund Balances - Total Governmental Funds	\$ 10,202,058
---	----------------------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Net Assets, the cost of these assets is capitalized and depreciated over their estimated useful lives with depreciation expense reported in the Statement of Activities.	30,942,737
---	------------

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(6,344,941)
---	-------------

Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	3,486,620
--	-----------

Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds (\$54,298,689) exceeded payments (\$38,029,215).	(16,269,474)
--	--------------

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	854,558
--	---------

Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,177,189
--	-----------

Internal Service funds are used by management to charge the costs of various services provided to individual funds. The net revenues of certain activities of internal service funds are reported with governmental activities.	<u>1,059,780</u>
---	------------------

Change in Net Assets of Governmental Activities	<u>\$ 25,108,527</u>
--	-----------------------------

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2002

Exhibit 7

December 31, 2002	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	RiverCentre Operating	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Totals	
ASSETS							
Current Assets							
Cash and Investments with Treasurer	1,380,956	19,524,107	15,731,614	8,995,206	4,859,650	50,491,533	8,995,016
Cash and Investments with Trustees	-	-	-	29,186	-	29,186	-
Imprest Funds	-	150	-	-	6,500	6,650	975
Receivables							
Delinquent Taxes Receivable	-	-	-	8,683	-	8,683	-
Accounts (net of allowance for estimated uncollectibles)	-	17,576	9,158	664,543	167,506	858,783	226,567
Unbilled	764,876	-	-	-	14,882	779,758	22,437
Assessments	-	8,831,184	1,014	-	-	8,832,198	-
Accrued Interest	5,638	130,269	131,917	46,928	9,312	324,064	229,164
Due from Other Funds	-	135,520	-	8,145	204,275	347,940	3,249,631
Due from Component Units	-	733,963	-	-	35,725	769,688	4,936
Due from Other Governmental Units	-	402,104	-	-	239,125	641,229	286,247
Inventories							
Materials and Supplies	-	100,582	-	-	219,593	320,175	1,939,652
Impounded Cars	-	-	-	-	18,672	18,672	-
Prepaid Items	280,784	-	-	-	-	280,784	4,103,892
Land Held for Resale	-	-	140,000	-	-	140,000	-
Total Current Assets	2,432,254	29,875,455	16,013,703	9,752,691	5,775,240	63,849,343	19,058,517
Noncurrent Assets							
Restricted Assets							
Cash for General Obligation Bond Current Debt Service	-	31,100	-	-	-	31,100	-
Cash for Revenue Bond Current Debt Service	-	597,629	-	2,816,113	-	3,413,742	-
Cash for Revenue Bond Operations and Maintenance	-	2,828,269	-	413,429	-	3,241,698	-
Cash for Revenue Bond Construction	-	-	-	15,489,951	-	15,489,951	-
Cash for Water Pollution Abatement Current Debt Service	-	1,117,512	-	-	-	1,117,512	-
Cash for Budget and Rate Stabilization	-	3,729,507	-	-	-	3,729,507	-
Cash for Pedestrian Connection	248,069	-	-	-	-	248,069	-
Cash for Rental Subsidies/Promotion Reserve	299,670	-	-	-	-	299,670	-
Cash with Trustees	-	-	-	90,104	-	90,104	-
Investments for Revenue Bond Future Debt Service	-	5,295,679	-	-	-	5,295,679	-
Total Restricted Assets	547,739	13,599,696	-	18,809,597	-	32,957,032	-
							continued

continued

City of Saint Paul, Minnesota
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2002

Exhibit 7

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	RiverCentre Operating	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Totals
Other Assets						
Contract Receivable - Metropolitan Council Environmental Services (Note VII.B.)	-	388,631	-	-	-	388,631
Advance to Other Funds	-	4,288,254	3,945,776	-	-	8,234,030
Deferred Charges	-	863,827	-	704,461	60,373	1,628,661
Other Long-Term Loans Receivable	-	-	26,710,509	-	-	26,710,509
Accrued Interest Receivable on Loans	-	-	1,422,755	-	-	1,422,755
Total Other Assets	-	5,540,712	32,079,040	704,461	60,373	38,384,586
Capital Assets						
Land	-	82,186	-	17,498,731	564,999	18,145,916
Buildings and Structures	1,054,640	143,307	-	71,797,853	5,521,196	78,516,996
Less: Accumulated Depreciation	(627,695)	(92,434)	-	(19,160,424)	(1,674,879)	(21,555,432)
Public Improvements	-	343,760,031	-	1,580,860	-	345,340,891
Less: Accumulated Depreciation	-	(82,022,938)	-	(105,391)	-	(82,128,329)
Equipment	4,072,384	1,260,484	-	31,060	2,281,477	7,645,405
Less: Accumulated Depreciation	(2,375,408)	(686,168)	-	(2,588)	(1,649,347)	(4,713,511)
Construction in Progress	-	4,752,117	-	1,687,288	268,139	6,707,544
Total Capital Assets	2,123,921	267,196,585	-	73,327,389	5,311,585	347,959,480
Total Noncurrent Assets	2,671,660	286,336,993	32,079,040	92,841,447	5,371,958	419,301,098
TOTAL ASSETS	5,103,914	316,212,448	48,092,743	102,594,138	11,147,198	483,150,441
LIABILITIES						
Current Liabilities (Payable from Current Assets)						
Interfund Payable for Pooled Cash and Investments Overdrafts	-	-	-	-	373,431	373,431
Accrued Salaries Payable	6,399	102,471	-	-	146,954	255,824
Accounts Payable	-	136,795	121,394	50,973	341,244	650,406
Contracts Payable	-	-	123,746	-	-	123,746
Due to Other Funds	1,359	177,392	134,013	15,061	96,188	424,013
Due to Component Units	-	55,211	-	-	-	55,211
Due to Other Governmental Units	-	-	-	17	10,256	10,273
Deferred Revenue	383,680	-	-	-	-	383,680
Compensated Absences Payable	981	21,401	-	-	17,562	39,944
General Obligation Bonds Payable	-	165,000	-	950,000	-	1,115,000
Revenue Bonds Payable	-	4,876,667	-	370,752	140,000	5,387,419
Revenue Notes Payable	-	827,504	2,950,000	55,000	-	3,832,504
Capital Lease Payable	128,912	-	-	-	-	128,912
Accrued Interest Payable	-	-	-	-	-	-
Revenue Bonds	-	-	-	878,803	16,715	895,518
Revenue Notes	-	212,378	-	82,350	-	294,728
Capital Lease	43,458	-	-	-	-	43,458
Total Current Liabilities (Payable from Current Assets)	564,789	6,574,819	3,329,153	2,402,956	1,142,350	14,014,067

continued

City of Saint Paul, Minnesota
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2002

Exhibit 7

December 31, 2002	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	RiverCentre Operating	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Totals	
Current Liabilities (Payable from Restricted Assets)							
Accounts Payable	-	-	-	594,285	-	594,285	-
General Obligation Bonds Payable	-	15,000	-	-	-	15,000	-
Revenue Bonds Payable	-	443,333	-	944,248	-	1,387,581	-
Accrued Interest Payable							
General Obligation Bonds	-	16,100	-	-	-	16,100	-
Revenue Bonds	-	154,296	-	584,794	-	739,090	-
Total Current Liabilities (Payable from Restricted Assets)	-	628,729	-	2,123,327	-	2,752,056	-
Noncurrent Liabilities							
General Obligation Bonds Payable	-	3,865,000	-	38,195,000	-	42,060,000	-
Less: Unamortized Discount	-	(46,334)	-	-	-	(46,334)	-
Revenue Bonds Payable	-	28,435,000	-	42,100,000	3,390,000	73,925,000	-
Less: Unamortized Discount	-	(127,553)	-	-	(22,885)	(150,438)	-
Revenue Notes Payable	-	17,563,718	-	3,215,000	-	20,778,718	-
Capital Lease Payable	1,760,583	-	-	-	-	1,760,583	2,526,750
Advance from Other Funds	1,629,144	-	-	-	4,050,000	5,679,144	897,800
Compensated Absences Payable	13,489	231,485	-	-	516,709	761,683	1,578,481
Total Noncurrent Liabilities	3,403,216	49,921,316	-	83,510,000	7,933,824	144,768,356	5,003,031
TOTAL LIABILITIES	3,968,005	57,124,864	3,329,153	88,036,283	9,076,174	161,534,479	27,192,103
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	234,427	229,570,472	-	3,581,625	1,804,470	235,190,994	8,611,145
Restricted for:							
Operation and Maintenance	-	2,828,269	-	413,429	-	3,241,698	-
Debt Service	-	1,117,513	-	1,377,175	-	2,494,688	-
Rate Stabilization	-	3,729,507	-	-	-	3,729,507	-
Total Restricted	-	7,675,289	-	1,790,604	-	9,465,893	-
Unrestricted	901,482	21,841,823	44,763,590	9,185,626	266,554	76,959,075	12,643,911
TOTAL NET ASSETS	1,135,909	259,087,584	44,763,590	14,557,855	2,071,024	321,615,962	21,255,056
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds						(87,635)	
Net Assets of Business-Type Activities						321,528,327	

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended December 31, 2002

Exhibit 8

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	RiverCentre Operating	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Totals
OPERATING REVENUES						
Fees, Sales and Services	5,378,262	37,030,838	664,277	8,374,654	8,095,783	59,543,814
Rents and Leases	2,003,870	56,750	-	-	787,069	2,847,689
Interest Earned on Loans	-	-	955,535	-	-	955,535
Miscellaneous	-	907,221	-	2,474	37,089	946,784
Total Operating Revenues	7,382,132	37,994,809	1,619,812	8,377,128	8,919,941	64,293,822
OPERATING EXPENSES						
Cost of Merchandise Sold	-	-	-	-	294,306	294,306
Salaries	139,161	2,369,804	-	-	3,833,437	6,342,402
Employee Fringe Benefits	41,044	767,759	-	-	876,650	1,685,453
Agent	-	-	-	1,775,552	-	1,775,552
Services	6,070,666	19,089,324	3,859,826	507,429	2,289,406	31,816,651
Materials and Supplies	-	332,364	-	62,305	1,476,747	1,871,416
Depreciation	379,403	4,199,041	-	1,904,165	477,997	6,960,606
Bad Debts	96,560	685,041	318,281	-	28,394	1,128,276
Miscellaneous	400,000	207,071	-	41,199	58,034	706,304
Total Operating Expenses	7,126,834	27,650,404	4,178,107	4,290,650	9,334,971	52,580,966
OPERATING INCOME (LOSS)	255,298	10,344,405	(2,558,295)	4,086,478	(415,030)	11,712,856
NON-OPERATING REVENUES (EXPENSES)						
Property Tax Increment	-	-	-	1,195,454	-	1,195,454
Hotel-Motel Tax	70,495	-	-	-	-	70,495
Operating Grant	-	69,265	485,341	-	50,033	604,639
Gain on Sale of Assets	-	1,500	-	-	7,864	9,364
Investment Income	-	-	-	-	-	-
Interest Earned on Investments	40,370	1,178,776	711,852	516,583	20,683	2,468,264
Increase in Fair Value of Investments	12,639	244,283	295,706	124,955	20,874	698,457
Interest Earned - Other	-	22,793	-	-	-	22,793
Miscellaneous Other Revenue	339,442	8,084	-	-	-	347,526
Interest Expense	-	-	-	-	-	-
General Obligation Bonds	-	(202,758)	-	(3,012,212)	-	(3,214,970)
Revenue Bonds	-	(2,115,427)	-	(1,874,465)	(204,901)	(4,194,793)
Capital Lease	(106,569)	-	-	-	-	(106,569)
Revenue Notes	-	(533,452)	(183,354)	(186,550)	-	(903,356)
Amortization of Bond Issuance Costs	-	(150,307)	-	(26,091)	(3,895)	(180,293)
Loss on Retirement of Assets	-	-	-	-	(3,420)	(3,420)
Miscellaneous Other Expense	(297,017)	(4,900)	-	-	(7,845)	(309,762)
Total Non-Operating Revenues (Expenses)	59,360	(1,482,143)	1,309,545	(3,262,326)	(120,607)	(3,496,171)
Income (Loss) Before Contributions and Transfers	314,658	8,862,262	(1,248,750)	824,152	(535,637)	8,216,685
Capital Contributions	149,014	-	-	3,350,733	-	3,499,747
Transfers In	-	-	-	3,762	559,913	563,675
Transfers Out	(125,000)	(10,737,371)	(1,170,952)	-	(297,268)	(12,330,591)
Change in Net Assets	338,672	(1,875,109)	(2,419,702)	4,178,647	(272,992)	(50,484)
TOTAL NET ASSETS, January 1	797,237	260,962,693	47,183,292	10,379,208	2,344,016	20,282,911
TOTAL NET ASSETS, December 31	1,135,909	259,087,584	44,763,590	14,557,855	2,071,024	21,255,056
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds						(87,635)
Total change in net assets of business-type activities						(138,119)

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended December 31, 2002

Exhibit 9

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	RiverCentre Operating	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Loan Recipients and Other Customers	7,528,068	37,626,667	5,747,943	8,687,919	8,214,649	67,805,246	5,065,779
Receipts from Other Funds for Services Provided	-	148,279	5,597	-	775,061	928,937	31,144,750
Other Operating Receipts	70,173	-	-	-	-	70,173	783,834
Payment to Suppliers	(6,687,661)	(18,525,438)	(346,970)	(1,803,091)	(3,707,158)	(31,070,318)	(10,545,530)
Payment to Employees	(175,602)	(3,198,659)	-	-	(4,675,284)	(8,049,545)	(22,903,448)
Payment to Loan and Grant Recipients	-	-	(2,698,990)	-	-	(2,698,990)	-
Payment to Other Funds for Services Used	-	(1,410,965)	(478,230)	(631,409)	(451,073)	(2,971,677)	(3,655,587)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	734,978	14,639,884	2,229,350	6,253,419	156,195	24,013,826	(110,202)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating Transfers In from Other Funds	-	250,000	-	3,763	709,913	963,676	527,501
Operating Transfers Out to Other Funds	(125,000)	(10,742,656)	(1,043,820)	-	(297,268)	(12,208,744)	(121,543)
Property Tax Increments Received	-	-	-	1,186,771	-	1,186,771	-
Hotel and Motel Tax Received	70,173	-	-	-	-	70,173	-
Operating Grants Received	-	90,470	485,341	-	64,710	640,521	1,847,530
Proceeds from Issuance of Revenue Notes for Noncapital Items	-	-	2,950,000	-	-	2,950,000	-
Principal Payments on Long-Term Notes	-	-	(3,420,000)	-	-	(3,420,000)	-
Advance Received From Other Funds	-	-	-	-	3,800,000	3,800,000	17,157,763
Advance Received for Pooled Cash and Investments Overdraft	-	-	-	-	(42,897)	(42,897)	22,888
Interest Paid on Long-Term Notes for Noncapital Items	-	-	(154,280)	-	-	(154,280)	-
Advance Made to Other Funds	-	(1,200,754)	(876,885)	-	-	(2,077,639)	(3,800,000)
Repayment of Advance Made to Other Funds	-	-	-	-	-	-	3,852,657
Repayment of Advance Received from Other Funds	-	-	-	-	-	-	(18,450,959)
Payment on Pedestrian Connection	(297,017)	-	-	-	-	(297,017)	-
Reclassified from Other Funds	-	-	-	9,469,457	-	9,469,457	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(351,844)	(11,602,940)	(2,059,644)	10,659,991	4,234,458	880,021	1,035,837
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Payment Received on Current Value Credits							
Principal	-	181,149	-	-	-	181,149	-
Interest	-	22,793	-	-	-	22,793	-
Proceeds from Revenue Bond Issuance	-	-	-	18,545,000	-	18,545,000	-
Proceeds from Sale of Capital Assets							
Equipment	-	1,500	-	-	8,365	9,865	23,965
Principal Paid on Debt Maturities							
General Obligation Bonds	-	(175,000)	-	(855,000)	-	(1,030,000)	-
Revenue Bonds	-	(5,090,000)	-	(1,255,000)	(135,000)	(6,480,000)	-
Revenue Notes	-	(647,215)	-	(50,000)	-	(697,215)	-
Capital Lease	(122,080)	-	-	-	-	(122,080)	(98,547)
Payments for Acquisition and Construction of Capital Assets							
Land	-	(2,633)	-	(586,516)	-	(589,149)	-
Buildings and Structures	-	-	-	(130,957)	(40,531)	(171,488)	(24,821)
Equipment	-	(42,473)	-	(31,060)	(183,381)	(256,914)	(1,269,421)
Construction in Progress	-	(349,105)	-	(867,952)	(268,139)	(1,485,196)	(18,674)
Interest Paid On							
General Obligation Bonds	-	(200,468)	-	(2,133,409)	-	(2,333,877)	-
Revenue Bonds	-	(2,116,225)	-	(1,500,251)	(203,893)	(3,820,369)	-
Capital Lease	(109,377)	-	-	-	-	(109,377)	(153,064)
Revenue Notes	-	(482,754)	-	(104,200)	-	(586,954)	-
Payment of Bond Issuance Costs	-	-	-	(730,552)	-	(730,552)	-
Payment of Arbitrage Rebate	-	(38,347)	-	-	-	(38,347)	-
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	(231,457)	(8,938,778)	-	10,300,103	(822,579)	307,289	(1,540,562)

continued

City of Saint Paul, Minnesota
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended December 31, 2002

Exhibit 9

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	RiverCentre Operating	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Total	
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from Sales and Maturities of Investment Securities	-	81,196	-	-	-	81,196	-
Interest and Dividends Received	46,819	1,312,430	714,422	495,521	22,068	2,591,260	14,579
Increase in Fair Value of Investments	12,639	177,909	295,706	124,955	20,874	632,083	5,618
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	59,458	1,571,535	1,010,128	620,476	42,942	3,304,539	20,197
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	211,135	(4,330,299)	1,179,834	27,833,989	3,611,016	28,505,675	(594,730)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,717,560	32,158,574	14,551,780	-	1,255,134	49,683,048	9,590,721
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,928,695	27,828,275	15,731,614	27,833,989	4,866,150	78,188,723	8,995,991
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating Income (Loss)	255,298	10,344,405	(2,558,295)	4,086,478	(415,030)	11,712,856	(1,314,882)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities							
Depreciation	379,403	4,199,041	-	1,904,165	477,997	6,960,606	1,871,267
Increase (Decrease) in Allowance for Uncollectible Accounts/Loans	-	672,808	(2,392,932)	-	9,878	(1,710,246)	(66,124)
Non-operating Miscellaneous Other Revenue Received	339,845	8,085	-	-	-	347,930	49,665
Non-operating Miscellaneous Other Expenses Paid	-	-	-	-	(7,845)	(7,845)	-
Changes in Assets and Liabilities (Increase) Decrease in							
Accounts Receivable	-	(633,918)	1,021	318,936	124,968	(188,993)	219,778
Unbilled Accounts Receivable	(226,084)	-	-	-	(14,882)	(240,966)	46,122
Assessments Receivable	-	66,205	(494)	-	-	65,711	-
Notes and Loans Receivable	-	-	6,772,101	-	-	6,772,101	783,834
Accrued Interest Receivable	-	-	72,313	-	(9,312)	63,001	(20,366)
Due from Other Funds	153,658	(39,040)	-	(8,145)	(34,912)	71,561	142,261
Due from Component Units	-	133,223	-	-	(24,951)	108,272	24,573
Due from Other Governmental Units	-	240,159	-	-	47,375	287,534	(96,680)
Inventories	-	(15,387)	-	-	12,341	(3,046)	(43,258)
Prepaid Items	(27,863)	-	-	-	-	(27,863)	(997,078)
Land Held for Resale	-	-	972,030	-	-	972,030	-
Increase (Decrease) in							
Accrued Salaries Payable	4,850	(192)	-	-	9,757	14,415	89,672
Compensated Absences Payable							
Current	(178)	(6,924)	-	-	(8,080)	(15,182)	8,291
Long-Term	(69)	(53,981)	-	-	33,126	(20,924)	608,744
Claims and Judgments Payable - Long-Term	(23,769)	-	-	-	-	(23,769)	-
Accounts Payable	-	(31,168)	(1,911)	(48,354)	51,690	(29,743)	(273,604)
Contracts and Retention Payable	-	-	(637,337)	-	-	(637,337)	-
Due to Other Funds	(165,363)	(241,645)	2,854	403	(101,636)	(505,387)	(334,657)
Due to Component Units	-	(1,787)	-	-	-	(1,787)	(3,424)
Due to Other Governmental Units	-	-	-	(64)	5,711	5,647	(414)
Deferred Revenue	45,250	-	-	-	-	45,250	(803,922)
Total Adjustments	479,680	4,295,479	4,787,645	2,166,941	571,225	12,300,970	1,204,680
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	734,978	14,639,884	2,229,350	6,253,419	156,195	24,013,826	(110,202)

continued

For the Fiscal Year Ended December 31, 2002	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	RiverCentre Operating	Sewer Utility	HRA Loan Enterprise	HRA Parking	Other Enterprise Funds	Total	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS							
Cash and Investments with Treasurer	1,380,956	19,524,107	15,731,614	8,995,206	4,859,650	50,491,533	8,995,016
Cash and Investments with Trustees	-	-	-	442,616	-	442,616	-
Imprest Funds	-	150	-	-	6,500	6,650	975
Restricted Cash							
For General Obligation Bond Current Debt Service	-	31,100	-	-	-	31,100	-
For Revenue Bond Current Debt Service	-	597,629	-	2,906,216	-	3,503,845	-
For Revenue Bond Operation and Maintenance	-	2,828,269	-	-	-	2,828,269	-
For Revenue Bond Construction	-	-	-	15,489,951	-	15,489,951	-
For Water Pollution Abatement Current Debt Service	-	1,117,513	-	-	-	1,117,513	-
For Cash for Budget and Rate Stabilization	-	3,729,507	-	-	-	3,729,507	-
For Cash for Pedestrian Connection	248,069	-	-	-	-	248,069	-
For Cash for Rental Subsidies/Promotion Reserve	299,670	-	-	-	-	299,670	-
TOTAL CASH AND CASH EQUIVALENTS	1,928,695	27,828,275	15,731,614	27,833,989	4,866,150	78,188,723	8,995,991
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Capital Assets Purchased on Account - Equipment	-	-	-	-	-	-	212,256
Contribution of Capital Assets from General Capital Assets	149,014	-	-	72,795,733	-	72,944,747	19,441
Contribution of Long-Term Debt from General Long-Term Obligations	-	-	-	(69,445,000)	-	(69,445,000)	-
Increase of Capital Assets due to the Implementation of GASB 34	-	67,937,115	-	-	-	67,937,115	-
Loss on Retirement of Assets	-	-	-	-	-	-	(6,462)

The notes to the financial statements are an integral part of this statement.

This page left blank intentionally

City of Saint Paul, Minnesota
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
December 31, 2002

EXHIBIT 10

ASSETS

Cash and Investments with Treasurer	2,478,410
Receivables	
Accounts (net of allowance for estimated uncollectibles)	3,642
Accrued Interest	7,401
Due from Other Funds	17,739
Due from Other Governmental Units	<u>220</u>
TOTAL ASSETS	<u><u>2,507,412</u></u>

LIABILITIES

Accounts Payable	981,187
Due to Other Funds	11,538
Due to Other Governmental Units	<u>1,514,687</u>
TOTAL LIABILITIES	<u><u>2,507,412</u></u>

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2002

Exhibit 11

	Regional Water Services	Port Authority	Total
ASSETS			
Current Assets			
Cash and Investments	1,377,519	2,746,110	4,123,629
Investments	19,271,069	-	19,271,069
Departmental Cash	187,359	-	187,359
Imprest Funds	7,000	-	7,000
Receivables			
Accounts (net of allowance for Estimated Uncollectibles)	2,931,992	4,432,631	7,364,623
Assessments	2,287,847	-	2,287,847
Accrued Interest	232,230	-	232,230
Due from Primary Government	174,474	-	174,474
Due from Other Governmental Units	523,723	16,050,138	16,573,861
Inventory - Materials and Supplies	1,677,392	-	1,677,392
Prepaid Items	-	482,139	482,139
Total Current Assets	28,670,605	23,711,018	52,381,623
Noncurrent Assets			
Restricted Assets			
Cash for Grants and Other Contributions Program	4,006	-	4,006
Cash for Port Authority Operations	-	8,092,787	8,092,787
Cash for General Obligation Bond Construction	-	2,218	2,218
Cash for General Obligation Bond Current Debt Service	-	1,792,242	1,792,242
Cash for General Obligation Bond Future Debt Service	-	498,218	498,218
Cash for Revenue Bond Current Debt Service	-	2,981,634	2,981,634
Cash for Other Funds Held in Trust	-	2,895,271	2,895,271
Investments for Port Authority Operations	-	8,940,446	8,940,446
Investments for Revenue Bond Current Debt Service	1,396,092	1,735,303	3,131,395
Investments for Revenue Bond Future Debt Service	3,061,086	-	3,061,086
Investments for Revenue Bond Construction	-	1,984,228	1,984,228
Investments for Revenue Bond Operations and Maintenance	1,067,362	-	1,067,362
Investments for City Obligations	-	302,831	302,831
Investments for Other Funds Held in Trust	-	634,134	634,134
Accrued Interest Receivable	-	33,336	33,336
Total Restricted Assets	5,528,546	29,892,648	35,421,194
Other Assets			
Deferred Charges	68,695	1,087,434	1,156,129
Other Long-Term Loans Receivable	201,801	7,026,515	7,228,316
Total Other Assets	270,496	8,113,949	8,384,445
Capital Assets			
Land	1,403,952	13,494,607	14,898,559
Buildings and Structures	37,602,283	79,854,289	117,456,572
Less: Accumulated Depreciation	(8,012,178)	(31,984,797)	(39,996,975)
Public Improvements	167,276,426	-	167,276,426
Less: Accumulated Depreciation	(48,735,336)	-	(48,735,336)
Equipment	28,228,998	17,250,328	45,479,326
Less: Accumulated Depreciation	(13,336,451)	(12,567,220)	(25,903,671)
Construction in Progress	22,450,297	125,267	22,575,564
Total Capital Assets	186,877,991	66,172,474	253,050,465
Total Noncurrent Assets	192,677,033	104,179,071	296,856,104
Total Assets	221,347,638	127,890,089	349,237,727

continued

City of Saint Paul, Minnesota
STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2002

Exhibit 11

	Regional Water Services	Port Authority	Total
LIABILITIES			
Current Liabilities (Payable from Current Assets)			
Accrued Salaries Payable	546,846	693,171	1,240,017
Compensated Absences Payable	80,132	135,000	215,132
Claims and Judgments Payable	387,724	1,730,537	2,118,261
Accounts Payable	2,144,748	2,894,039	5,038,787
Contract Retention Payable	281,494	973,000	1,254,494
Due to Primary Government	973,673	-	973,673
Due to Other Governmental Units	809,902	995,520	1,805,422
Deferred Revenue	105,058	107,849	212,907
Revenue Notes Payable	1,161,784	269,451	1,431,235
Capital Lease Payable	144,614	11,767	156,381
Accrued Interest Payable			
Revenue Notes	76,234	-	76,234
Other Liabilities	-	841,009	841,009
Total Current Liabilities (Payable from Current Assets)	6,712,209	8,651,343	15,363,552
Current Liabilities (Payable from Restricted Assets)			
Accounts Payable	4,012	-	4,012
General Obligation Bonds	-	5,325,629	5,325,629
Revenue Bonds Payable	785,000	7,812,406	8,597,406
Accrued Interest Payable			
General Obligation Bonds	-	487,968	487,968
Revenue Bonds	50,924	1,258,722	1,309,646
Revenue Notes	-	1,199,101	1,199,101
Total Current Liabilities (Payable from Restricted Assets)	839,936	16,083,826	16,923,762
Noncurrent Liabilities			
General Obligation Bonds Payable	-	19,449,371	19,449,371
Less: Unamortized Discount	-	(295,046)	(295,046)
Revenue Bonds Payable	11,300,000	71,969,120	83,269,120
Less: Unamortized Discount	-	(558,465)	(558,465)
Revenue Notes Payable	16,562,391	10,497,054	27,059,445
Less: Unamortized Discount	(211,200)	-	(211,200)
Capital Lease Payable	144,614	20,923	165,537
Compensated Absences Payable	1,500,437	-	1,500,437
Claims and Judgments Payable	533,304	-	533,304
Total Noncurrent Liabilities	29,829,546	101,082,957	130,912,503
Total Liabilities	37,381,691	125,818,126	163,199,817
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	156,990,788	(29,151,812)	127,838,976
Restricted Assets	5,473,616	29,635,881	35,109,497
Unrestricted Net Assets	21,501,543	1,587,894	23,089,437
Total Net Assets	183,965,947	2,071,963	186,037,910

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**
ALL DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended December 31, 2002

Exhibit 12

	Regional Water Services	Port Authority	Total
OPERATING REVENUES			
Fees, Sales and Services	30,707,027	3,885,099	34,592,126
Rents and Leases	193,583	28,144,309	28,337,892
Interest on Loans	-	585,598	585,598
Miscellaneous	188,616	310,015	498,631
Total Operating Revenues	31,089,226	32,925,021	64,014,247
OPERATING EXPENSES			
Salaries	9,741,512	9,645,188	19,386,700
Employee Fringe Benefits	3,325,068	2,359,211	5,684,279
Services	4,144,219	7,751,422	11,895,641
Materials and Supplies	4,298,702	2,910,524	7,209,226
Rental	-	134,005	134,005
Depreciation	4,756,732	4,971,655	9,728,387
Bad Debts	36,080	-	36,080
Miscellaneous	104,590	1,011,216	1,115,806
Total Operating Expenses	26,406,903	28,783,221	55,190,124
OPERATING INCOME (LOSS)	4,682,323	4,141,800	8,824,123
NON-OPERATING REVENUES (EXPENSES)			
Property Taxes	-	1,332,940	1,332,940
Operating Grant	88,708	8,528,677	8,617,385
Gain on Sale of Assets	3,214	-	3,214
Investment Income			
Interest Earned on Investments	1,301,554	1,219,299	2,520,853
Increase in Fair Value of Investments	195,324	-	195,324
Miscellaneous Other Revenue	-	93,880	93,880
Loss on Retirement of Assets	(956,421)	-	(956,421)
Interest Expense			
General Obligation Bonds	-	(1,124,411)	(1,124,411)
Revenue Bonds	(683,439)	(6,463,929)	(7,147,368)
Revenue Notes	(624,968)	(478,977)	(1,103,945)
Other Funds	-	(380,883)	(380,883)
Amortization of Bond Issuance Costs	(25,306)	(315,773)	(341,079)
Operating Grant Expenditures	-	(8,528,677)	(8,528,677)
Miscellaneous Other Expense	(27,165)	(60,191)	(87,356)
Total Non-Operating Revenues (Expenses)	(728,499)	(6,178,045)	(6,906,544)
Income (Loss) Before Capital Contributions	3,953,824	(2,036,245)	1,917,579
CAPITAL CONTRIBUTIONS	2,437,948	-	2,437,948
Change in Net Assets	6,391,772	(2,036,245)	4,355,527
NET ASSETS, January 1	177,574,175	4,108,208	181,682,383
NET ASSETS, December 31	183,965,947	2,071,963	186,037,910

The notes to the financial statements are an integral part of this statement.

City of Saint Paul, Minnesota
STATEMENT OF CASH FLOWS
ALL DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended December 31, 2002

Exhibit 13

	Regional Water Services	Port Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	31,909,237	32,964,407	64,873,644
Other Operating Receipts	400,760	12,498,231	12,898,991
Payment to Suppliers	(8,638,519)	(15,856,115)	(24,494,634)
Payment to Employees	(13,185,666)	(8,952,017)	(22,137,683)
Payment to Grant Recipients	-	(8,528,677)	(8,528,677)
Other Operating Payments	-	(1,147,806)	(1,147,806)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	10,485,812	10,978,023	21,463,835
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants Received	151,343	-	151,343
Advance from Management Company	-	769,028	769,028
Non-operating Loans Issued to Customers	53,858	-	53,858
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	205,201	769,028	974,229
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from General Obligation Debt	-	5,026,981	5,026,981
Proceeds from Sale of Capital Assets			
Equipment	3,214	-	3,214
Capital Contribution Received			
From Outside Sources	943,040	-	943,040
Principal Paid on Debt Maturities			
General Obligation Bonds	-	(5,325,629)	(5,325,629)
Revenue Bonds	(1,430,000)	(7,585,806)	(9,015,806)
Revenue Notes	(1,020,607)	(292,838)	(1,313,445)
Capital Lease	(180,000)	(10,504)	(190,504)
Payment for Acquisition and Construction of Capital Assets			
Equipment	(1,486)	-	(1,486)
Buildings and Structures	-	(1,567,859)	(1,567,859)
Public Improvements	(313,395)	-	(313,395)
Construction in Progress	(12,047,353)	-	(12,047,353)
Interest Paid on			
General Obligation Bonds	-	(973,850)	(973,850)
Revenue Bonds	(681,105)	(6,717,809)	(7,398,914)
Revenue Notes	(626,306)	(478,977)	(1,105,283)
Payment of Arbitrage Rebate	(45,194)	-	(45,194)
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	(15,399,192)	(17,926,291)	(33,325,483)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale and Maturities of			
Investment Securities	19,393,668	6,242,152	25,635,820
Principal Collected on Loans Receivable	-	6,976,764	6,976,764
Interest and Dividends Received	1,341,176	1,223,486	2,564,662
Purchase of Investment Securities	(19,168,615)	(3,328,968)	(22,497,583)
Loans Originated	-	(1,125,000)	(1,125,000)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,566,229	9,988,434	11,554,663
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,141,950)	3,809,194	667,244
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,717,834	15,199,286	19,917,120
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,575,884	19,008,480	20,584,364

continued

City of Saint Paul, Minnesota
STATEMENT OF CASH FLOWS
ALL DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended December 31, 2002

Exhibit 13

	Regional Water Services	Port Authority	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	4,682,323	4,141,800	8,824,123
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation	4,756,732	4,971,655	9,728,387
Increase (Decrease) in Allowance for Uncollectible Accounts	8,629	-	8,629
Non-operating Miscellaneous Other Revenue Received	26,619	1,332,940	1,359,559
Changes in Assets and Liabilities			
(Increase) Decrease in			
Accounts Receivable	1,285,322	1,948,192	3,233,514
Unbilled Accounts Receivable	(33,087)	-	(33,087)
Due from Primary Government	57,141	-	57,141
Due from Other Governmental Units	(115,794)	-	(115,794)
Inventories	(50,752)	-	(50,752)
Prepaid Items	-	431,579	431,579
Increase (Decrease) in			
Accrued Salaries Payable	24,609	-	24,609
Compensated Absences Payable			
Current	(29,323)	-	(29,323)
Long-Term	(29,422)	-	(29,422)
Claims and Judgments Payable - Long-Term	(76,265)	(1,101,894)	(1,178,159)
Accounts Payable	1,620	(990,330)	(988,710)
Due to Primary Government	(76,214)	-	(76,214)
Due to Other Governmental Units	70,418	-	70,418
Deferred Revenue	(16,744)	-	(16,744)
Deposits by Lessees and Customers	-	244,081	244,081
Total Adjustments	5,803,489	6,836,223	12,639,712
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	10,485,812	10,978,023	21,463,835
DETAILS OF CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents	-	2,746,110	2,746,110
Cash and Investments with Treasurer	1,377,519	-	1,377,519
Departmental Cash	187,359	-	187,359
Imprest Funds	7,000	-	7,000
Restricted Cash			
For Grants and Other Contributions Program	4,006	-	4,006
For Port Authority Operations	-	8,092,787	8,092,787
For General Obligation Bond Construction	-	2,218	2,218
For General Obligation Bond Current Debt Service	-	1,792,242	1,792,242
For General Obligation Bond Future Debt Service	-	498,218	498,218
For Revenue Bond Current Debt Service	-	2,981,634	2,981,634
For Other Funds Held in Trust	-	2,895,271	2,895,271
TOTAL CASH AND CASH EQUIVALENTS	1,575,884	19,008,480	20,584,364
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital Assets Purchased on Account			
Construction in Progress	1,561,204	-	1,561,204
Change in Fair Value of Investments	195,324	(19,344)	175,980
Contribution of Capital Assets from Outside Sources			
Public Improvements	1,007,864	-	1,007,864
Retirement/Deletion of Capital Assets			
Buildings and Structures	(102,693)	33,688	(69,005)
Public Improvements	(696,893)	-	(696,893)
Equipment	(157,606)	-	(157,606)
Construction in Progress	(2,029)	-	(2,029)
Acquisition of Capital Assets with Capital Lease Obligations	289,228	637,060	926,288

The notes to the financial statements are an integral part of this statement.